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Prisoner Exchange A Grievous Mistake, Israeli Experts Say

By Thomas L. Friedman
New York Times Service

JERUSALEM — Many of Israel's leading experts on terrorism believe a proposed prisoner exchange this week was a blunder of the highest magnitude that dealt long-lasting damage to Israel's counterterrorism strategy.

The experts argue that the decision by the government to trade 1,150 Palestinian prisoners for three Israeli soldiers was a mistake that will have long-lasting effects on the country's ability to fight terrorism.

The first casualties of Monday's exchange, say the experts, were Israel's moral arguments in the war against terrorism.

"I am disgusted," said Shlomo Gazit, the former chief of military intelligence and one of Israel's chief counterterrorism strategists. "Never again will Israel be able to capture any other country which is blackmailed into freeing terrorists who have killed Jews, whether it is in France, Germany or England. We can't even say anymore that we are at the forefront of fighting terrorism and that we will never surrender to terrorism. That is all bunk."

The deal in Israel's moral armor was the least of the damage, the experts say. More serious, they say, is the effect Monday's swap will have on Israel's deterrent ability, which was built on the threat that any terrorist act committed against Israelis meant either sure death or life imprisonment.

Unlike past prisoner exchanges, almost all of which involved Arab soldiers or Palestinian guerrillas captured in battle, Monday's trade was made largely of Palestinians convicted of murder and other crimes in Israeli courts.

At least 79 of the men freed were directly responsible for killing Israelis and 380 of them were serving life sentences. Not only were these men exchanged, but about 600 of them were allowed to go free inside Israel and the occupied territories.

"It is a milestone, if not a turning point, in the nature of the war between Israel and the terrorists," wrote Yoel Marcus, a political affairs analyst for Ha'aretz, a daily newspaper. "Until now it was accepted that an Israeli soldier going into battle knew, from the outset, and without any doubt, that if he was taken captive, Israel would do everything to bring him back alive."

This very knowledge was a source of strength to Israel's soldiers. Now, continued Mr. Marcus, "the Arab terrorist who embarks on an operation against Israel will enjoy the same sense of confidence," because "he knows that those who sent him will do all they can to obtain his release."

The terrorist who operates in Israel, Mr. Marcus said, no longer risks ending his days as a criminal in an Israeli prison.

Why did Israel agree to pay such a price for so few men? Analysts have many explanations.

First, according to Ariel Merari, an expert on terrorism at Tel Aviv University, Israeli decision-makers made "the grave mistake" of meeting with the families of the Israeli soldiers who were in the hands of the Palestinians. Not only did they meet with them once, they met them regularly over the last three years and, according to Mr. Merari, became too emotionally involved in their cases and lost sight of the wider issues at stake.

"It created a direct emotional pressure on the decision-makers and deprived them of the necessary national perspective needed for conducting policies," Mr. Merari said.

Mr. Gazit seconded this assessment: "Look, we have already lost 650 boys in the Lebanon war. I understand the feelings of the families of the captured soldiers. But we would have been doing a lot more for the families, all the families of Israel, if we had told Ahmed Jibril: 'No bargain.'"

Mr. Jibril is head of the Syrian-backed Popular Front for the Liberation of Palestine-General Command.

The second reason that might explain the high price paid by Israel, argued some experts, is the effect of the exchange on the morale of the Israeli public.

On Tuesday's debate, Senator Gary Hart, Democrat of Colorado, argued for elimination of the weapon and said, "It's not too late to stop this folly, and folly is the right word for the MX."

Barry Goldwater, an Arizona Republican, retorted that the MX "is all we have in this decade" to counter a continued buildup in Soviet strategic forces. He said that all the arguments had been heard before, when Congress approved the MX.

"I don't know what's changed," he added.

Congress has so far authorized the construction of 42 missiles; under current law, 41 could be deployed and one would be used as a test vehicle. The military bill as it

passed in the House would have authorized the construction of 50 missiles.

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Lid of 50 Proposed For MX

Reagan Offers
Compromise to
Foes in Congress

By Steven V. Roberts
New York Times Service

WASHINGTON — The Reagan administration has offered a compromise on the MX missile that would temporarily limit deployment to 50 weapons.

That offer Tuesday, in response to a rising chorus of complaints about the huge missile, would leave exactly half the administration's originally proposed number.

Thus, the administration was conceding defeat, at least for now, in its efforts to field a full MX force. But the White House wants to leave open the possibility of requesting more missiles in the future, in case arms control talks break down and tensions with the Soviet Union rise.

"What we're trying to say is, let's pause at 50," said an administration official. "Then let's look at it again in a year or a year and a half. Let's see if we need to go beyond that."

The administration's suggestion was prompted by a growing opposition to the missile on Capitol Hill and a clear possibility that Congress would impose a much stricter limit on its deployment.

The Senate, which is considering a bill authorizing numerous military programs, took up Tuesday an amendment that would restrict total deployment to 40 weapons, and most vote counters gave the proposal a good chance to pass.

Senator Sam Nunn, who sponsored the 40-missile limit, said of the administration: "I'm sure they must feel the possibility that their position would be defeated, or they wouldn't be negotiating."

The Georgia Democrat, who is a leader in the Senate on military issues, said he had a "negative" reaction to the administration proposal but was willing to consider further offers.

Senator Nunn said the administration offer to limit deployment to 50 missiles was not really significant, because the bill under debate contained only enough money to place 50 of the weapons in the field.

Earlier Tuesday the Senate rejected a proposal to eliminate all the \$2.14 billion for procuring the MX missile. But the 56-42 vote indicated how strongly sentiment was running against the missile.

Supporters of the MX, which is designed to carry 10 warheads on an intercontinental mission, say it is necessary to upgrade the land-based leg of the U.S. strategic force and to pressure the Soviet Union to bargain seriously on arms cuts.

Opponents say it would not perform either function because the fixed missiles would be vulnerable to attack and could even destabilize the delicate balance of terror.

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A rescue worker bore a child's body from a building in Beirut after Wednesday's bombing.

Bomb Kills 60 And Injures 190 In a Christian Beirut Suburb

Compiled by Our Staff From Dispatches

BEIRUT — A parked car packed with explosives blew up at an intersection in a Christian suburb Wednesday, killing 60 people and wounding more than 190, the police said.

The blast, caused by a time bomb containing up to 440 pounds of explosives (200 kilograms), occurred in the Sin el-Fil neighborhood in East Beirut. Several children were among the victims.

None of Lebanon's armed factions immediately claimed responsibility, and the target of the bombing was not immediately clear. There are no militia offices in the area.

The explosion gouged a crater in the street 10 feet deep and 26 feet wide (two meters by eight meters), the police said. Damaged the walls of multi-story apartment buildings along both sides of the

street and set more than 50 cars on fire, according to witnesses and police officers.

No one was in the bomb-laden car when it exploded at 2 P.M. at an intersection crowded with the traffic of homework-bound students and workers, the police said.

At the same time, Palestinian guerrillas deployed in the mountains fired volleys of rockets and artillery into Beirut's southern suburbs to relieve the pressure on three Palestinian camps that were under attack by Shiite fighters.

The rockets hit several areas around the Sabra, Chatila and Borge Barjani camps in a further escalation of the violence that had gripped the Muslim part of the Lebanese capital for four days.

There was no immediate word of any casualties from the shelling.

All efforts to arrange a truce had failed. A cease-fire arranged Tuesday night through the good offices of a prominent Shiite cleric, Sheikh Mohammed Hussein Fadlallah, lasted for only a couple of hours, after which the combatants resumed their exchanges of artillery, rocket and machine-gun fire.

Muslim leaders, meeting under the grand mufti, or supreme religious judge, issued an urgent appeal to President Hafez al-Assad to intervene personally to end the conflict.

A Syrian government statement issued early Wednesday accused Yasser Arafat, the chairman of the Palestine Liberation Organization, and his supporters among the Palestinians of provoking the Beirut clashes.

The statement said Mr. Arafat's opponents in the PLO should take over the Palestinian leadership in the camps in Lebanon.

This suggested that the Syrians were bringing pressure to bear on the Shiite fighters to renounce their declared intention to keep the camps under their own control. The Shiite aim is to keep the Palestinians from re-establishing their military installations, which were destroyed by the Israeli army when it invaded Lebanon three years ago.

The bombing in East Beirut was the worst in the capital since a car carrying explosives exploded March 8 outside the home of the Sheikh Fadlallah. That blast, in the Shiite-populated southern suburb of Bir al-Abed, killed at least 80 people and wounded up to 260.

Bonn Backs European Technology Push

By Axel Krause
International Herald Tribune



Caspar W. Weinberger of the United States, right, and Michael Heseltine of Britain at NATO's meeting of defense ministers in Brussels. NATO ministers agreed on measures to improve nonnuclear defenses. Page 2.

PARIS — Hans-Dietrich Genscher, the West German foreign minister, pledged Wednesday in the strongest terms he has used yet his country's support for Eureka, a French-led project to develop European cooperation in high technology.

Mr. Genscher's support for Eureka followed a statement Tuesday by the British foreign secretary, Sir Geoffrey Howe, that Britain was dropping its initial reservations about the project.

Mr. Genscher criticized the U.S. approach to enlisting European participation in President Ronald Reagan's Strategic Defense Initiative. He described it as "Americans going through Europe with their checkbooks."

He added that Bonn's support for Eureka stemmed from his belief, shared by France, that "we cannot risk losing our best brains."

On Monday, Chancellor Helmut Kohl toned down his previous endorsement of the Reagan proposal, which is for research into space-based defenses against missiles. He called it a risk as well as an opportunity for the Western alliance.

Mr. Genscher, who had questioned the chancellor's support for the U.S. proposal, said Wednesday that their views now were "identical."

Mr. Genscher, speaking after a meeting with Roland Dumas, France's minister of external relations, also said that France and West Germany would intensify cooperation on military planning and that their foreign and defense ministers would meet soon.

French and West German officials said that the Genscher-Dumas meeting was aimed at preparing a meeting planned in Bonn on May 28 between President François Mitterrand and Chancellor Helmut Kohl with a view to improving what Mr. Genscher termed the "special relationship" between Paris and Bonn.

The two ministers and their aides denied reports of tension between France and West Germany following the seven-nation economic in Bonn at which Mr. Mitterrand blocked the setting of a date for global trade negotiations sought by Mr. Reagan and which Mr. Kohl supported.

France also rejected participation in the Reagan research proposal in its current form.

French officials have said recently that Mr. Mitterrand was deeply annoyed with Mr. Kohl's support of the trade initiative.

A senior West German official said Wednesday, however, "All is friendliness."

In Japan, Taxes Take Their Toll in Public

By Susan Chira
New York Times Service

TOKYO — To the chagrin of the wealthy and the delight of the curious, Japan's tax agency last week published its annual list of the nation's largest taxpayers.

The list, issued by the National Tax Administration Agency, offers a tantalizing glimpse of the very private world of the very wealthy. Some of the names are familiar, such as Japan's leading industrialists, and some are new, and perhaps fleeting — the authors of a popular cartoon series, television personalities and athletes.

Because the list is based only on declared taxable income, and tax rates vary, it is difficult in some cases to calculate exactly how much total income a certain tax payment indicates.

But one thing is clear: the growing affluence of some in this society.

Until last year, the agency printed the names of every individual in Japan with a taxable income of 10 million yen or more, which at current exchange rates is about \$40,000. In 1972, for example, 30,000 made that list. In 1983, 520,000 qualified, and the tax agency changed the system to record only those who paid more than \$40,000 in taxes. This year that totalled 68,000 people.

Traditionally, wealthy Japanese have shunned conspicuous consumption, not only as vulgar but as insensitive to the economic struggles of most Japanese in the post-war years.

But times are changing. Many economists and sociologists suspect, although they have not offered definitive proof, that income differentials are widening to the point that it no longer makes sense for the nation to define itself as one large middle class. Last year, the agency reported, 564 people out of a nation of nearly 120 million reported incomes of more than \$40,000.

Every year, the list's publication sparks complaints about national tax policies. Japan, like the United States, requires people with more money to pay a higher tax rate. The rates range from 10.5 percent to 70 percent of income.

This year, however, is the first in several that the government is actively considering tax changes, both as a way of increasing government revenue and encouraging domestic consumption.

The most dramatic plea for lower taxes came from the hospital bed of Konoike Matsushita, the 90-year-old founder of the Matsushita Electric Industrial Co. and the man who paid the most taxes last year. He paid the government \$3.7 million out of an income estimated to be about \$3.6 million.

"High taxes like this would have triggered a social revolt" a few hundred years ago, when a citizen's only recourse to stiff taxes was armed rebellion, Mr. Matsushita said from a private hospital room where he now lives. The hospital is close to the Osaka headquarters of his company, a diversified maker of electrical and electronic equipment that sells under such brand names as Panasonic and Quasar.

Most Japanese, however, appear to save their sympathy not for wealthy industrialists but for the average salaried employee, who is blocked from the same range of deductions permitted executives of small businesses and farmers.

A poll conducted in Japan and the United States by a Japanese newspaper, The Yomiuri Shimbun, and the Gallup Organization indicates that even more Japanese believe that taxes are too high than do Americans — 83 percent in Japan.

Dr. Carlo Rubbia, the Nobel Prize-winning physicist, nurtures plans for an ambitious new particle accelerator. Page 7.

Orders to U.S. factories for durable manufactured goods rose 1 percent in April, the first rise in three months. Page 9.

Royal Dutch/Shell Group, reported a 10-percent rise in first quarter net income. Page 9.



A Palestinian mother in Sidon, southern Lebanon, hugging her two sons freed in the Israeli-Arab prisoner exchange.

Pressure Is on Pentagon to Be 'Businesslike'

By Jeff Gerth
New York Times Service

WASHINGTON — The Pentagon says it is beginning to act more like a private business as it spends record sums to buy goods and services.

Nevertheless, its critics in Congress are drafting legislation to force it to move further and faster toward such standard commercial practices as competitive bidding and monitoring how much labor a particular weapon needs. One such measure was approved unanimously Monday by the Senate.

From a fiscal perspective, the debate is more important than ever. Of President Ronald Reagan's \$329 billion, four-year buildup in military spending, \$191 billion, or more than half, has gone to research and development or buying weapons. Those accounts now represent 47 percent of the military budget, the highest such proportion since World War II.

The cost of obtaining the goods and services may be so high partly because the Defense Department buys in a way nobody else does, tolerating larger payrolls, using more stringent specifications, paying less on competitive bidding and providing special financial incentives.

The Defense Department says it has made progress on solving many of the problems cited by the critics. For example, top officials say the number of competitively awarded contracts increased 12 percent last year. The Pentagon says, however, that competition is not practicable for

some programs and that only a few companies can meet specifications called for in Pentagon proposals.

The Pentagon also said that \$500 million was saved last year through more efficient acquisition of spare parts, that contract changes are undergoing closer review and that there is wider use of independent cost estimates.

The critics say the cost of weapons can be cut as much as one-third by increased competition.

higher productivity, better management and more effective incentives for economy. They argue that high costs stem from excessive labor and management costs that the Pentagon knowingly allows and sometimes even initiates.

The largest part of the procurement budget is the cost of labor, and executives and employees of military contractors are often paid more than their counterparts in other industries. Profits are calculated largely on the basis of a contractor's costs, and critics say the practice encourages higher prices.

Military contractors try to find ways to include their labor costs in Pentagon contracts, the critics say, adding that layoffs are less fre-

quent in the military industry than in other private business.

The Pentagon often tolerates more employees on a program than private industry would use because it cares more about a product's performance and reliability than it does about costs, according to Pentagon and industry officials.

Pentagon planners are re-examining the value of cost-cutting incentives that have produced disappointing results and are looking for ways to apply labor productivity standards.

Questions have been raised about some of the best-managed contractors and the longest-running programs. One involves the Wichita operations of the Boeing Co., a highly regarded aircraft manufacturer that is the fifth-largest military contractor. Boeing has invested \$500 million to increase productivity in Wichita, yet the Air Force, which has reimbursed the company for much of that outlay, concedes that no net savings has resulted.

"We're subsidizing waste," declared Senator Charles E. Grassley, an Iowa Republican and a leading conservative critic of Pentagon spending practices.

The secretary of defense is trying to fix the system," said Derek J. Vander Schaaf, the Pentagon's deputy assistant general. He added that his office had received strong support from Defense Secretary Caspar W. Weinberger, even as it delivered unfavorable reports.

In pinpointing the cause of the problems, Mr. (Continued on Page 3, Col. 2)

New Zealand's Leader Cancels Shultz Meeting

Compiled by Our Staff From Dispatches

WELLINGTON — Prime Minister David Lange said Wednesday he had abandoned plans to meet with Secretary of State George P. Shultz of the United States and Foreign Minister Bill Hayden of Australia at a regional foreign ministers' meeting in Malaysia in July.

The participants were to have discussed New Zealand's ban on nuclear-powered or nuclear-armed warships. The ban has led to a freeze in military relations with Washington and halted tripartite cooperation in the ANZUS pact, which includes Australia, New Zealand and the United States.

Mr. Lange said: "There is no evidence that a meeting in Kuala Lumpur would be a way of resolving this issue."

Mr. Lange, who is also foreign minister, said domestic commitments and a crowded foreign travel schedule would prevent him from attending the regional meeting. The meeting follows the annual conference of the Association of South-

east Asian Nations, or ASEAN, in Kuala Lumpur on July 8-9.

Mr. Lange said he did not believe that the meeting, which had a mainly ASEAN theme, was the appropriate venue to discuss the ANZUS dispute. ASEAN comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

In Washington, Bernard Kalb, the State Department spokesman, said the United States continued "to be ready to talk with the government of New Zealand, particularly with regard to restoration of port access of all U.S. ships" in accordance with the U.S. policy of neither confirming nor denying whether ships were carrying nuclear weapons.

Mr. Shultz, Mr. Lange and Mr. Hayden had originally been scheduled to meet in Canberra, Australia, in July at the annual ANZUS meeting. That meeting was called off after the dispute between the United States and New Zealand developed. (Reuters, AP, NYT)

Reagan Pledges to Defend Honduras in Case of 'Communist Aggression'

By Gerald M. Boyd
New York Times Service

WASHINGTON — President Ronald Reagan, reaffirming treaty commitments, has pledged that the United States would take "appropriate measures" to defend the sovereignty and territorial integrity of Honduras "against Communist aggression."

The pledge came Tuesday in a joint communiqué issued after a White House meeting between President Reagan and President Robert Suazo Córdoba of Honduras.

Meanwhile, President Reagan pounded his fist on a table and voiced anger and impatience Tuesday over congressional obstacles to his Nicaraguan policy as he conferred with Republican legislators.

"We have got to get where we can run a foreign policy without a committee of 535 telling us what we can do," Mr. Reagan said. He was alluding to the rejection last month by Congress of aid to the Nicaraguan rebels. The House has 435 members and the Senate 100.

His comments came despite optimism expressed Tuesday within the administration and among Republican legislative leaders that the mood on Capitol Hill had shifted in favor of some aid to the rebels. The Senate was expected to take up a bipartisan aid proposal this week.

Presidents Reagan and Suazo, in issuing their statement, cited the "close" and "cooperative" relationship of the countries as well as the "serious security threats that exist in Central America."

Administration officials said the commitment provided to Honduras was in fact a reaffirmation of obligations that are already found under the Inter-American Treaty of Reciprocal Assistance, known as the Rio Treaty, and the charter of the Organization of American States.

Under the Rio Treaty, the United States and other signatories agreed that "an armed attack by any state against an American state shall be considered as an attack against all the American states." In the OAS Charter, the use of force



Robert Suazo Córdoba

by members is sanctioned in the case of self-defense.

"In the case of an armed attack against Honduras, the United States will take appropriate measures," the communiqué said, "to consult with and support in a timely and effective manner the government of Honduras in its efforts to defend its sovereignty and territorial integrity against Communist aggression."

President Reagan said the two nations shared "serious concern over the threat to the entire region posed by the Communist, Sandinist regime in Nicaragua and its Cuban and Soviet supporters."

"Honduras is a friendly nation, facing a serious threat of Communist aggression and subversion," he said. "There should be no doubt that we will fulfill our mutual defense obligation under the Rio Treaty and the OAS Charter."

President Suazo, who spoke after Mr. Reagan at a White House ceremony, said the two countries "will not fail to provide assistance to each other." He added that Honduras had "received security guarantees from the United States."

He said Honduras did not have "aggressive designs on any country." Both he and President Reagan said that they supported the Contra-

dora group of Latin American countries, which have been trying to reach a settlement of regional conflicts.

U.S. and Honduran officials have been involved in discussions since August in which the Central American country has argued for a separate security agreement between the two countries. Such an agreement had been sought as a guarantee of U.S. assistance in the event that Honduras was attacked, whether President Reagan was in office or not.

U.S. officials opposed such a measure because it would have mandated assistance under any circumstances. One American concern was that the United States would be obligated under such an agreement to aid Honduras in a conflict that did not involve Nicaragua, such as the 1969 "soccer war" with El Salvador.

The brief White House talks between the two leaders came amid attempts by the Honduran Army to relocate Nicaraguan rebels to sites away from the Nicaraguan border.

While administration officials have said that this move would impede the rebels' fight against the Sandinists, President Reagan did not voice this concern in the talks, a senior aide said later.

President Suazo would not comment on the issue. He also avoided a direct response to a statement Monday by a senior administration official who said that the relocation effort had been related to the rejection last month of the \$14-million aid request for the rebels.

The view presented Monday by the senior American official, who declined to be identified, contradicted statements that have been made by senior diplomatic and military officials in the U.S. Embassy in Honduras.

The embassy officials said last week that the decision to remove the rebels had come after the Sandinists had mounted an attack into Honduran territory, using artillery and 200 troops. Other sources said Honduran authorities felt the presence of the rebels along the border was destabilizing.



Military agents backed by soldiers assault a suburban Manila apartment building after a five-hour siege of an alleged "safehouse" of the New People's Army, the military wing of the Communist Party. A soldier and an occupant of the building died in the siege.

Israeli Experts Condemn Exchange Of Prisoners as Grievous Blunder

(Continued from Page 1)

fect on the country's self-confidence inflicted by the Lebanon war, and the deep desire by Israeli decision-makers to be rid of all vestiges of the Lebanon conflict, including remaining Israeli prisoners.

The exchange, wrote Ze'ev Schiff, the military editor of Ha'aretz, "is another layer in the process of Israel's psychological enfeeblement which began with the war" in Lebanon "and which we all hope will be terminated when the withdrawal from Lebanon is completed."

In 1970, Mr. Merari said, Israel negotiated with Yasser Arafat, head of the Palestine Liberation Organization, for one year to secure the release of a single Israeli night watchman abducted by guerrillas from Metulla. In the end Israel traded one Palestinian, who had not even killed anyone, for one watchman.

"Now look where we are today," said Mr. Merari. "There is no market price for trading prisoners. It all depends on how you bargain."

A third explanation for the exchange, said Aharon Yariv, another

former chief of military intelligence, was that it was only the natural extension of a creeping policy of negotiating with terrorists.

Wives Ask Pardon For Israeli Settlers

United Press International

JERUSALEM — Following the exchange of 1,150 Arab prisoners for three Israeli war prisoners, the wives of 18 members of a Jewish settler group awaiting a verdict in their trial for terrorist crimes against Arabs on the occupied West Bank went on a hunger strike Wednesday, demanding pardons for their husbands.

Two rightist legislators rebuked the homecoming Israelis, saying they were hardly heroes, having reportedly had been captured while asleep. The legislators said the POWs should be put on trial.

The Israeli military, in a rare move, itself criticized the behavior of two of the three POWs, Yosef Gross and Nissim Shalem, as "below standard."

that Israel has engaged in since it bargained for the return from Algeria of an El Al airliner and its passengers who were hijacked by Palestinians in 1968.

"For political reasons and for Jewish emotional reasons it is hard for any government to stand up to the demands of the Arabs," said Mr. Yariv. "The principle of not negotiating had been violated a long time ago and this case only takes it an increment further."

Asked if he thought this latest exchange would encourage terror attacks against Israel in the future, Mr. Yariv said that he doubted it since the Palestinians have known for a long time that the Israelis would negotiate if they had to.

"Those who want to commit terror will do it regardless of what we say," he said.

Mr. Gazit, the other former army intelligence chief, disagreed. "No one takes Soviet citizens hostage because they know you will not get a penny out of the Soviet Union if you do," said Mr. Gazit. "Once you start making bargains, it only becomes a question of whether you give up five or 5,000."

Gorbachev and Gandhi Sign Accord For \$1.5 Billion in Soviet Assistance

The Associated Press

MOSCOW — Prime Minister Rajiv Gandhi of India said Wednesday that he and Mikhail S. Gorbachev, the Soviet leader, had signed agreements providing India with \$1.5 billion in credits for industrial projects and outlining trade relations until the year 2000.

India signed agreements last week with the United States to obtain advanced nonmilitary technology. Prime Minister Gandhi will visit Washington next month.

Speaking at a news conference after the signing ceremony in the Kremlin, Mr. Gandhi said one of the new accords provided a billion rubles in credit for power, oil, coal and machine-building projects. He gave no details about the nature of the projects.

The other pact covers general aspects of Soviet-Indian trade for the next 15 years, Mr. Gandhi said. It provides for Soviet participation in Indian projects in the power, coal, oil, gas, metals and machine-building industries, as well as Indian involvement in projects in the Soviet Union and other countries.

The Indian leader lauded economic and political relations between his country and the Soviet Union. But he stressed that his government would continue to seek friendly ties with Washington and looked to the United States for the most up-to-date technology.

Mr. Gandhi criticized U.S. research into a space-based missile defense system and President Ronald Reagan's recently imposed trade embargo against Nicaragua.

Moscow Raises Transit Fares

MOSCOW — City authorities announced Wednesday they would raise trolleybus and streetcar fares Monday to 5 kopecks (about 6 U.S. cents) to match bus and subway fares. A trolleybus ride cost 4 kopecks and a streetcar 3 kopecks.

Mr. Gandhi was honored Tuesday night at a Kremlin banquet during which Mr. Gorbachev proposed that the nations of Asia establish a forum on security patterned after the 1975 Helsinki agreements on European security.

The Soviet leader said that President Reagan's space-shield plan, a sweeping research program to develop an anti-missile system, would increase the risk of nuclear war and divert money that could be spent to fight world hunger and other social problems.

Mr. Gandhi urged greater efforts throughout the world to end the nuclear threat.

Britain Rejects Tower Block Of Mies Design

Reuters

LONDON — The government rejected a plan Wednesday for a glass tower block in central London that would have been a posthumous memorial to the modernist architect Mies van der Rohe.

Patrick Jenkin, secretary of state for the environment, called the plan bold and imaginative but said he had turned it down because it would dominate its surroundings near St. Paul's Cathedral in the heart of London's financial district.

Peter Palumbo, a British property developer, commissioned Mies to design the 22-story office building in 1962. He proposed spending 175 million pounds (\$220 million) on its construction.

The project encountered opposition from conservationists and from Prince Charles, who described it as "a giant glass stump better suited to downtown Chicago."

Mies, a German-born leader of the Bauhaus movement, died in the United States in 1969.

WORLD BRIEFS

West Warns UNESCO on Media Issue

PARIS (AP) — Several Western nations warned at a UNESCO meeting Wednesday against a reopening of the debate on the politically charged issue of a new world information and communication order. This was one of the issues that led to the U.S. withdrawal from the organization.

Some Third World and Soviet bloc delegates in New York say UNESCO gave up important ideological ground by agreeing in 1983 that the order should be seen as a "continuing and evolving" concept to be established over an undetermined period of time.

This qualifying phrase, which the Western nations and Japan have insisted on including in previous resolutions, was missing from a document the UNESCO secretariat prepared for the board meeting, France, supported by Britain and Canada, proposed that it be reinstated in a resolution.

"Let's not rehash old discussions," said the French delegate, Gerolamo Halimi. "Let's concentrate on what is important. The text is excellent provided those words are inserted."

Aide Sees Reagan-Gorbachev Talks

HELSINKI (Reuters) — The U.S. commerce secretary, Malcolm Baldrige, said Wednesday he felt quite certain President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, would meet. But he added that a place and time had not been decided upon.

Speaking during a stopover on his way home from trade talks in Moscow, where he met with Mr. Gorbachev, Mr. Baldrige dismissed a report in The Washington Post on Tuesday that the Soviet leader was too busy with domestic matters to attend a meeting. "I feel quite sure there will be a meeting," Mr. Baldrige said.

He declined to comment on the contents of a letter he delivered to Mr. Gorbachev from Mr. Reagan and would not say whether there had been any Soviet response.

Republicans Denounce House Budget

WASHINGTON (AP) — Republicans in the House of Representatives denounced Wednesday as "smokescreens, magic and sleight of hand" a 1986 budget plan cutting \$56 billion in spending next year without touching Social Security retirement benefits, but joined with Democrats in predicting its easy passage.

"We know where the votes are," conceded Representative Delbert L. Latta of Ohio, senior Republican on the Budget Committee, as the House began debating the \$967-billion spending outline drafted by Democrats. Final approval of the deficit-reduction package, which would trim spending by \$259 billion over the next three years, was expected Thursday. Republican leaders, acknowledging that they lacked the votes to put more defense money in the budget, said they would press their case in the House-Senate conference committee.

U.S. Navy Links Sailor to Espionage

WASHINGTON (UPI) — U.S. Navy investigators aboard the aircraft carrier Nimitz have uncovered evidence linking Seaman Michael Walker with alleged espionage activities of his father, who has been accused of spying for the Soviet Union, the navy said Wednesday.

Seaman Walker, 22, is being held aboard the warship, now docked at Haifa, Israel. His father, John Anthony Walker, is in jail in Baltimore, charged with passing military secrets to the Soviet Union. The Federal Bureau of Investigation has said evidence found earlier indicated that the son might have been the source of some of the secret documents.

An FBI official, Bill Baker, asserted that the elder Mr. Walker's spying "could have been going on for as long as 15 years or longer," well before he retired in 1976 from active duty in the navy as a chief warrant officer who, with a top-secret clearance, handled coded material.

Sudan-Egypt Pacts Reported Broken

JIDDA, Saudi Arabia (AP) — The Sudanese prime minister, Gaafar Nimeiri, was quoted Wednesday as saying that his country would abrogate accords signed with Egypt under the previous government. In an interview published in the English-language newspaper, Saudi Gazette, Mr. Nimeiri said that Sudan and Egypt enjoyed a "special relationship," but that accords signed during the presidency of Major General Gaafar Nimeiri "did not reflect the will of the people."

"We consider them null and void," Mr. Nimeiri said. He did not specify the accords to which he was referring, but the major agreements include a confirmation of Sudanese support for the Camp David accords between Egypt and Israel and a treaty calling for greater integration between Sudan and Egypt. Major General Nimeiri was overthrown April 6 in a coup.

For the Record

Wildfires burned in 18 Florida counties Wednesday, but a break in the weather with some rain helped keep them from spreading. (UPI) Milton Rodia, 42, convicted with an anti-Castro activist, Eduardo Aroca, in a weapons conspiracy trial in Miami has been sentenced to three years in prison. Mr. Aroca has been sentenced to 20 years. (AP) El Salvador's parliament has dismissed the general prosecutor, José Francisco Guerrero, in what the ruling Christian Democratic Party said was a move to reinvestigate political assassinations. A party spokesman said many cases had been dropped by Mr. Guerrero. Santiago Mendoza Aguilar will replace him. (APF)

The United States and Russia began semiannual grain talks Wednesday under their long-term grain agreement of 1983. The Russians have purchased a record 18.6 million metric tons of U.S. grain, mostly corn, during this fiscal year. (AP) General Jean Sautier, was named Wednesday as the chief of staff of the French armed forces. The air force officer, 54, has been President François Mitterrand's chief military aide. He will replace General Jean-Louis Lacaze, 61, who is retiring. (Reuters)

A new appeal for \$15.4 million in Sudanese aid for drought victims and refugees was issued Wednesday by the League of Red Cross Societies. They warned that the situation might worsen dramatically unless food arrived. (AP) President Li Xiangmin of China, 76, who failed to make two appearances during the past week, is suffering from a sprained back, the Foreign Ministry announced Wednesday. (UPI)

Reagan Offers 50-MX Limit As Compromise With Foes

(Continued from Page 1)

came to the floor calls for 21 more missiles, less than half the 48 new ones requested by the administration.

In other actions on the military bill Tuesday, the Senate took these steps:

• It adopted an amendment that would create a new military squadron to intercept drug traffickers. Sixteen surveillance aircraft would be flown in support of customs officers and other civilian law-enforcement agencies.

• It passed, 89-10, a resolution urging a U.S.-Soviet summit meeting on arms reduction.

• It heard objections from the White House to any amendment dealing with the treaty on limiting strategic arms. One such proposal would urge the administration to adhere to treaty provisions, and another would bar the White House from doing so. The administration must report to Congress by June 1 on how it will deal with certain treaty provisions limiting new strategic weapons, and it wants no congressional action until then, one administration official said.

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In Japan, High Income Taxes Have Become a Public Matter

The Associated Press

BRUSSELS — Defense ministers of the North Atlantic Treaty Organization, ending their spring strategy session, agreed Wednesday to a "plan of action" for improving the alliance's nonnuclear defenses.

A statement issued at the close of

the talks said the 14 ministers agreed that NATO had fallen behind the Soviet-led Warsaw Pact in military strength.

To try to close the gap, the alliance must remedy several major deficiencies in its conventional forces, the statement said.

"The comprehensive recommen-

dations which we have adopted constitute a plan of action for the alliance," the declaration said.

Among the measures approved by the ministers was a plan for authorizing the construction by 1990 of 665 shelters for aircraft that would be flown in from the United States in an emergency to reinforce NATO's air strength. The ministers also agreed to:

- Continue to buy more ammunition stocks.
- Improve coordination of planning to have a better strategy for using NATO funds.
- Strengthen the emphasis on long-term planning in NATO to coincide with the long-term planning under way in national capitals.

• Provide more aid to Greece, Portugal and Turkey to help them improve their armed forces.

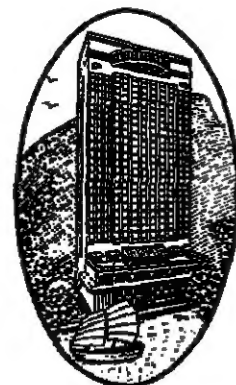
The ministers also reaffirmed, as expected, their long-standing goal of increasing each member country's military spending by at least 3 percent a year, after inflation.

The ministers said they welcomed the resumption in March of arms control talks between the United States and the Soviet Union.

"These negotiations will be difficult, long and complex, and continuous close consultation among the alliance partners will be essential," the statement said.

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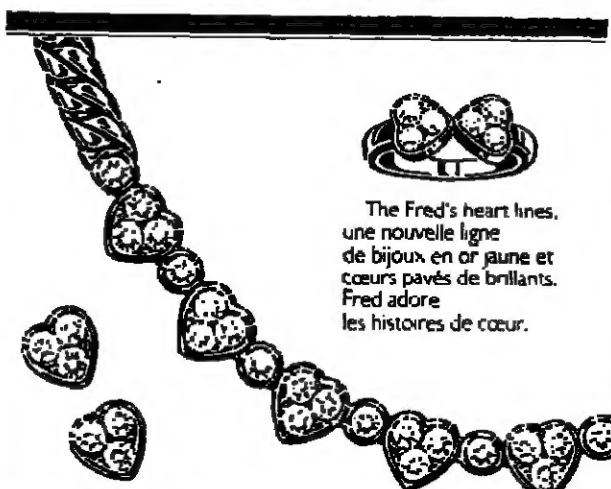


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LD BRIEFS

NESCO on Media

Washington, D.C. — The National Endowment for the Humanities (NEH) has announced that it will not fund a project to produce a series of television programs on the history of the United States.

The NEH announced the decision after a review of the project by a panel of experts. The panel found that the project did not meet the agency's criteria for funding.

The project was intended to produce a series of programs that would explore the history of the United States from the time of the first settlers to the present.

The NEH said that it was disappointed that the project did not meet its criteria, but it praised the efforts of the project's organizers.

The project was funded by a grant from the NEH. The grant was intended to support the production of a series of programs that would explore the history of the United States.

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Navy Stops Contracts With General Dynamics

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. Navy, accusing General Dynamics Corp. of "brazen" and "improper" business conduct, has stopped the processing of up to \$1 billion in new contracts pending reforms in the company's dealings with the Pentagon.

Navy Secretary John F. Lehman Jr. also announced Tuesday that he would cancel two existing contracts worth a total of \$225 million and would fine General Dynamics \$676,283 for giving gratuities to retired Admiral Hyman G. Rickover.

General Dynamics, the nation's third-largest defense contractor, had \$5 billion worth of Pentagon business in fiscal 1984.

Mr. Lehman rejected a recommendation by the Pentagon's inspector general that the top officers of General Dynamics be barred from doing work with the Defense Department because of evidence they lacked "business integrity and honesty."

The company's conduct did not warrant such stiff action against the executives, Mr. Lehman said.

"I do not see sufficient grounds that would make debarment of individuals an appropriate response," he said. "What we find is a pervasive corporate attitude that we find inappropriate to the public trust."

Mr. Lehman also sent a formal letter of censure to Admiral Rickover for accepting the gratuities from 1961 to 1977, many "at the instigation of the admiral," and for receiving the gifts were "clearly unethical and possibly illegal."

Democratic critics of the Pentagon and General Dynamics said Wednesday that the navy's decision to freeze contract negotiations was not tough enough punishment.

But they attacked as too harsh Mr. Lehman's decision to send the formal letter of censure — the toughest action possible — to Admiral Rickover, who has been called the architect of the U.S. nuclear navy.

In St. Louis, the chairman of General Dynamics, David S. Lewis, announced that he would retire by the end of the year. Mr. Lewis said his decision was not sudden and that he had planned to retire since 1983.

In the announcement Tuesday, Mr. Lehman said the navy would "hold off further processing" of pending contracts with General Dynamics Electric Boat Division, including a planned contract to build the nation's next half-billion-dollar Trident submarine, and with the Pomona Division, which makes missiles for the navy.

Mr. Lehman said the total amount of new contracts being processed was between \$600 million and \$1 billion. None of the contracts has yet been signed.

To get the process started again, he said, General Dynamics would have to establish "a rigorous code of ethics for all General Dynamics officers and employees with mandatory sanctions for violations," rework and resubmit millions of dollars in requests for overhead payments that have been questioned, and settle those disputes.

He charged that General Dynamics has an attitude "that is based on maximizing profits without regard for the public trust."

Tuesday's move was the government's latest action against General Dynamics. For several months, the company has been under fire from the Pentagon and Congress for improper billing practices, gift-giving and other irregularities.

The Pentagon is withholding \$308 million in payments to General Dynamics for expenses tied to weapons contracts until the claims can be audited. Previous claims included charges for kenneled a corporate officer's dog and other expenses found to be frivolous.

Defense Secretary Casper W. Weinberger in March suspended "payment of overhead claims by the company and Mr. Lehman said "other improper practices of the company" required "additional action on my part."

Among the practices he cited were that "in 1981 General Dynamics Electric Boat Division put forward brazen insurance claims against the navy for their own negligence and family workmanship."

Last week, General Electric Co., the fourth-largest military contractor, pleaded guilty to defrauding the government on a contract for a Minuteman nuclear warhead system. (AP, UPI)

U.S. Convicts Man In Abortion Blasts

BALTIMORE — An American Lutheran lay minister has been convicted of conspiring to bomb 10 abortion clinics in three states and the District of Columbia.

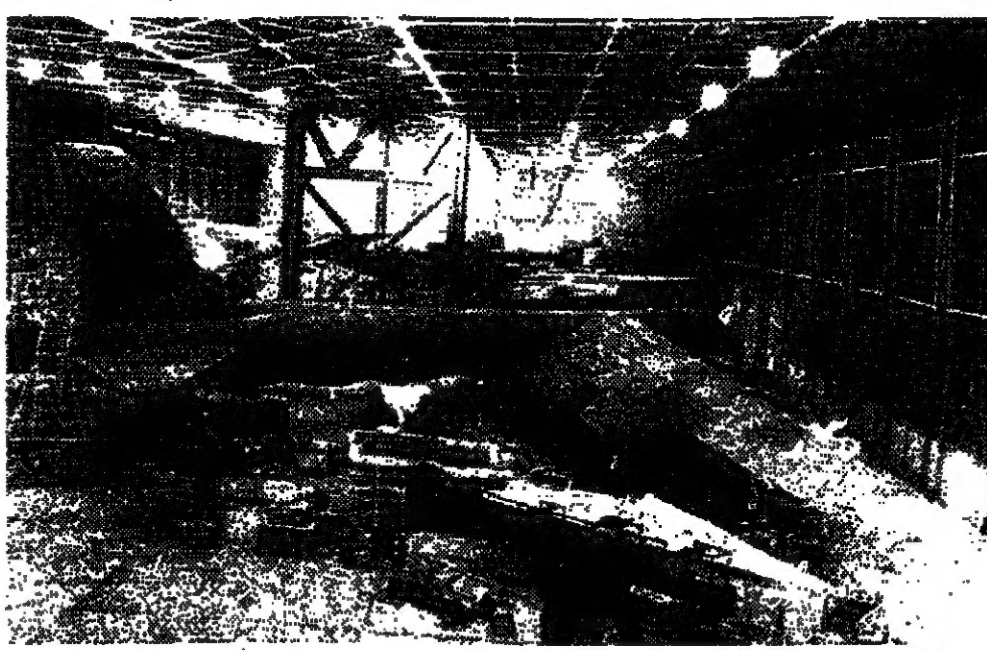
A U.S. District Court jury also found Michael D. Bray, 32, of Bowie, Maryland, guilty Tuesday on one count of obtaining destructive devices but acquitted him on two other counts.

Mr. Bray was charged with two other men in connection with bombings, burnings or attempts to damage clinics in Maryland, Delaware, Virginia and Washington from January 1984 through January 1985. He faces a possible 20-year prison term.

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A B-52 bomber undergoes modification at the Boeing Military Airplane Co.'s plant in Wichita, Kansas, the largest aerospace complex in the world. The Air Force says a \$500-million investment to increase the plant's productivity failed to result in a net saving.

Congress Insists That Pentagon Adopt Businesslike Practices of Industry

(Continued from Page 1)

Vander Schaaf cited "government-forced regulations or requirements" and "niceties laid on" by the contractors.

Contractors, echoing Mr. Vander Schaaf's statement about excessive regulation, say they want less interference.

The Pentagon and Congress are also studying productivity to see whether companies need so many employees to make their products. In the private sector, companies eager to maintain profit margins are quicker to lay off employees when business declines.

There are some similarities between civilian and military markets. For example, commercial and military aircraft use similar design features and components. But Pentagon officials say differences in the two markets make it infeasible to use competition in many areas.

Mr. Courter and others have introduced legislation in the House to require the ratio of competitive contracts to rise gradually to 70 percent, a move opposed by the Pentagon.

On Monday, the Senate voted, 89-0, to adopt an amendment requiring the defense secretary to use at least two sources of production for major contracts, unless he could prove that competitive bidding would cost more or endanger national security.

The amendment, attached to a \$232-billion military spending bill, also would require the Pentagon to order a study of all noncompetitive contracts, estimating what each project would cost.

Mr. Courter has applauded some Pentagon efforts, such as the Air Force's saving of billions of dollars by buying aircraft engines from two sources and increases in competitively awarded Navy contracts to 36.9 percent from 26.7 percent over the last three years.

Mr. Grassley, using a strict definition of competition, puts the overall Pentagon rate at about 5 percent, compared with the Pentagon's own figure of 43 percent.

The Defense Department last year spent just over 50 percent of its \$133 billion in procurement dollars with the top 25 companies, up from 43.8 percent in 1981.

The Pentagon is concerned about the increasing vulnerability of its largest contractors to reductions in military spending. On the average, the top 10 companies, according to their annual reports, do more than 50 percent of their business with the U.S. government.

Forty-two percent of Boeing's sales, for example, are to the government. Most of the rest of its business is sales of commercial aircraft to airlines in the United States and abroad. General Dynamics does 86 percent of its business with the government.

Concern about the financial health of contractors has led to increased incentives to improve productivity, but studies in 1982 and 1983 by the Air Force and the House Appropriations Committee found that the incentives were not effective and had cost the government billions of dollars.

One case that illustrates the role of such Pentagon incentives was

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Later School Start Is Advised for Some

By Nicole Simmons

New York Times Service

NEW YORK — At a time when many Americans have been sending their children to school at an earlier age, a growing number of parents are deciding to have their children start school a year later.

They have been following the advice of a group of educators who say that many children who have academic problems in later years could have avoided them if they had simply started kindergarten at, say, the age of 6 rather than 5.

Led by Louise Bates Ames, associate director of the Gesell Institute of Human Development, a private research center in New Haven, Connecticut, these educators say that children should be placed in school based on what Dr. Ames calls their behavioral rather than chronological age. Dr. Ames, a child psychologist, and other proponents of the idea say that because children mature at different rates, how old they act should be more important than how old they are.

"Little bodies are not geared for academic tasks," which, more and more, are required in kindergarten, said Marie Williams, a psychologist with the school system of Fairfax County, Virginia. No matter how bright, she said, some 4- and 5-year-olds may not be socially ready for school, physically coordinated enough to handle the paper work or patient enough to sit still at their desks.

One opponent of the concept is Samuel G. Sava, executive director of the National Association of Elementary School Principals, who contends that making pupils repeat a grade "is the easy way out."

The movement to hold back some young children comes at a time when educators like Gordon M. Ambach, New York State's education commissioner, would like to see children enter school at an earlier age.

Mr. Ambach says that research on formal classes for 4-year-olds, which have been available on an experimental basis in New York state, "shows that these programs are very effective and that the results last."

He conceded, however, that different children are ready to start school at different ages.

One reason many kindergartners lack the maturity of a 5-year-old is that some states permit them to

begin almost four months before they reach their fifth birthday. Children can attend kindergarten in many states if their fifth birthday falls on or before Dec. 31 of the year they begin.

Critics of such state laws say that many children — especially boys, who mature later than girls — are not coordinated enough to begin writing at that age.

Many school districts around the country, such as Ossining, New York, now require prospective kindergarten and first-grade pupils to be tested to see if they are ready for school.

Such tests showed that Claire and Robert Rewald's daughter Sarah was not quite ready for kindergarten when she took the test at the age of 4 in Rochester, Michigan.

"My first reaction," Mrs. Rewald said, "was, 'Oh, no, what's wrong with my kid?'"

But, Mrs. Rewald said, Sarah, who is now 6 and finishing kindergarten, has become more sure of herself.

"She is a different kid this year," Mrs. Rewald said.

Geologists Predict Mount St. Helens Will Erupt Soon

United Press International

VANCOUVER, Washington — Scientists predicted Wednesday that an eruption, possibly an explosive one, will occur soon at Mount St. Helens in southwest Washington.

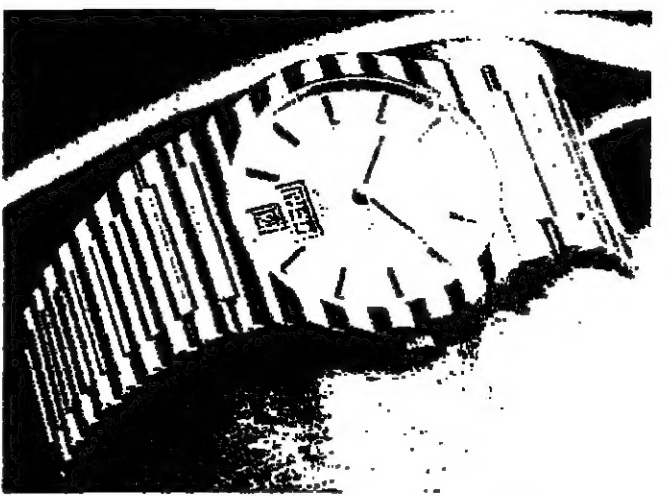
The scientists, who have predicted 15 of the volcano's 17 eruptive episodes since the devastating 1980 blast that left 57 people dead or missing, expect a "dome-building" eruption within two weeks, possibly in the next few days.

Scientists said that the dome is continuing to swell at increased rates, a few inches a day.

Small, shallow earthquakes are occurring regularly beneath the 8365-foot (about 2,550-meter) volcano, they said. "Earthquake rates are generally the same and we're holding to the forecast," a U.S. Forest Service spokesman said.

Until the recent activity, the volcano had been calm for eight months, the longest period of quiet since Mount St. Helens revived five years ago.

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The danger of a more generalized trade war must be seen in the light of what the Bonn summit failed to do. So strongly as a result of French acquiescence, the Seven could not even fix a date for a new round of trade talks. But appearances deceive. The French insist the problem is procedural; the subject of talks should be agreed to before a date is set. And the agenda, the French contend, must go well beyond agricultural trade. Chancellor Kohl laid low at the summit, letting French President François Mitterrand be the spoiler. But Mr. Kohl's new trade talks, the West German visitor predicts. That would put a crimp in movement toward monetary reform, as well.

The Europeans never tire of telling America that the alliance cannot operate when its heavyweights—the United States, is always changing governments — and policies. The likely reversal of American North River World War II policy, that discontinuity of policy is hardly an American phenomenon.

Washington Post Writers Group.

ing the Cubans that his system is not working, when they know that better than anybody else.

All Radio Marti will do is to revive the old boggy of Yankee domination — which may be Mr. Castro's last chance of survival.

But that is not the way Mr. Reagan sees it. Four years ago, being more interested in propaganda than in policy, he decided the United States should have a radio transmitter in Florida to educate the Cubans. Now, thanks to Congress, he has got it.

Maybe he has a point. Radio Marti will come into Cuba louder and stronger than Florida's commercial stations or the Voice of America: more news, more jazz, more information about how pathetic they are under Mr. Castro, and how wonderful it would be if they tossed him to the sharks. Maybe this will work, but the guess here is that the louder Washington shouts the less Havana will listen.

My own silly view is that the only things we Americans have in common with Cuba are geography and baseball, and that, if we could get a Latin American team into the big leagues, as we did with Canada, we might make more progress than telling Cuba what bums they are.

The New York Times.

not calculate the risk before deciding to trust an unfamiliar kitchen. I certify the safety of elevators so we never need to make a prudent calculation before inserting ourselves in a box hauled aloft by (I an

Nevertheless, to keep modern society flowing, government must act in many small ways to take large amounts of hesitancy out of life. It does this, for example, when it provides insurance for deposits in thrift institutions. Such insurance removes the drag of anxiety from a crucial social activity — saving.

"We may fling ourselves into a hammock," wrote G.K. Chesterton. "In a fit of divine carelessness. But we are glad that the net-maker did not make the hammock in a fit of divine carelessness."

Washington Post Writers Group.

copy of your recent front-page report (May 9) on the 1.5 million Americans abroad who have never even filed a 1040 tax form. Rather than lower the boom yet again on the small minority who regularly pay their taxes, Mr. Moynihan should turn his attention to more pressing matters and leave the productive few to get on with it.

CHARLES W. FRIEND

B.B. BISHOP,
The Hague

The Peri

Greek Candidates Shun Confrontation In Election Drive

By Henry Kamm
New York Times Service

SALONIKA, Greece — A drive along the main roads and byways between Athens and Salonika, Greece's second city, finds candidates for next month's national elections and their supporters in full cry from speaker's platforms on town squares, storefront election headquarters and local coffeehouses.

Yet unlike what happens in most other democratic countries, the Greek campaign for the June 2 election between Prime Minister Andreas Papandreu and the opposition leader, Constantine Mitsotakis, does not seem to be a debate in which issues, candidates or rival supporters confront one another.

Speakers for Mr. Papandreu's Socialist and Mr. Mitsotakis's New Democracy Party are ardently critical of the opposing side, but usually in front of crowds that are committed to their cause. No one heckles or asks unfriendly questions, nor do the candidates meet voters at random.

With rare exceptions, newspapers are so partisan that the other party's views are nearly excluded from their pages.

Mr. Papandreu has rejected Mr. Mitsotakis's challenge to meet in a televised debate, suggesting in his reply that each already knows the other's views. State television does broadcast their major speeches, as well as those of Harilaos Trikoupi, leader of the pro-Moscow Communist Party. Minority parties get almost no exposure.

When Mr. Papandreu spoke Saturday night at a huge rally on the main square of Larissa, the capital of Thessaly, it was as if the Socialists were the only party in town. Their green banners were everywhere, and nothing but enthusiasm was evident. Those planning to vote for New Democracy apparently stayed home.

In that agricultural region, the prime minister concentrated on his administration's assertion that it had raised the rural standard of living. He also made reassurances that under a recent law on agricultural cooperatives private property still would be respected and made a promise without specifics to distribute the lands of monasteries and other big landowners.

If Greek parties campaign like feuding members of a family who no longer speak or listen to one another, the reason may stem from

the enduring rupture of the civil war. The war raged from 1944 until 1949 and ended with defeat for the Communists and their allies.

It was followed by a long period of rightist repression of those suspected of having supported the losing side. That was diminished with the restoration of democracy in 1974 and formally ended with Mr. Papandreu's election in 1981.

But the scars remain, along with an unwillingness to consider the other side worthy of talking.

"We remember the bad right-wing past, with exile, jail, the need for loyalty certificates to get a job or to enter a hospital," one of a group of Socialists said in party headquarters in Kalamata. "The right still has the police-state mentality."

His comrades agreed, and cited examples. "The opposition dismisses the Socialist claim to have brought about reconciliation."

"The memories of the civil war still divide people," said one of a group in a New Democracy coffeehouse in Rion, on the road between Volos and Larissa. "Before, the right would not give jobs to the left. The Socialists continue this in reverse. Reconciliation? That's for the newspapers."

Troops Reported to Order 20,000 From Tamil Villages in Sri Lanka

Reuters

COLOMBO, Sri Lanka — Troops plan to move about 20,000 minority Tamils out of villages in northern Sri Lanka for security reasons, a local community leader said Wednesday.

N.M. Somabala, president of the citizens' committee in Vavuniya, a town 180 miles (290 kilometers) north of Colombo, said by telephone that soldiers went to Chendikulam district Tuesday and told the official who administers the district that everyone should leave their homes in two weeks.

Mr. Somabala said that about 5,000 families, or 20,000 people, from the island's Tamil community live in several villages in the area, which is dominated by Tamils. Sinhalese are dominant on the island.

Troops and police have stepped



Andreas Papandreu

Foreign policy was a main theme of the 1981 campaign, with Mr. Papandreu making pledges, since dropped, to withdraw from the North Atlantic Treaty Organization and the European Community. Foreign policy issues are now rarely mentioned by either party.

Economic issues predominate, with the Socialists claiming credit for reducing inflation, distributing wealth more evenly and providing better health and social services.

New Democracy says that Mr. Papandreu has inhibited growth by excessive state interference in fiscal matters. The party has achieved its most evident appeal by pledging to lift heavy import duties on automobiles.

New Roles Alter U.S. Diplomats' Old Boy System

By Leslie H. Gelb
New York Times Service

WASHINGTON — Before the era of the Vietnam War, the important relationships inside the State Department and its Foreign Service flowed principally from family background and Ivy League school connections. Then, in the mid-1960s and early 1970s, working on Vietnam or in Vietnam became the central link for the inside power brokers.

Now, there is no single network pervading the State Department building, no single set of friends and allies, bonded by common experience, who help one another rise to key posts and who telephone one another on an old-boy basis to iron out, behind the scenes, their bosses' differences.

At present, there are at least four networks, often overlapping: Asia hands, former Vietnam policy people, special assistants and former sides of Henry A. Kissinger, who dominate European issues.

As with most networks, the bonding of these groups occurred early in the members' Foreign Service careers. Unlike most networks, the bonding in the State Department is not based on ideological goals. Most of these officials are demonstrably apolitical and some tend, for professional diplomats, to lean somewhat to the conservative side of policy.

Many of the officials can be found either in jobs on the seventh floor that involve dealing directly with Secretary of State George P. Shultz, or in the No. 2, "principal

deputy" slots directly under assistant secretaries of state.

If it can be said that the state department is controllable at all, these are the pivotal controlling positions.

According to a number of officials, the two men at the core of the networks, or those with the most links, are M. Charles Hill, whose post as executive assistant to the secretary gives him an office with a private door to the office of Mr. Shultz, and Frank G. Wisner, principal deputy assistant secretary of state for Africa.

Mr. Wisner has links to all four networks; Mr. Hill to all except the Asia hands.

Nicholas Platt, the department's executive secretary, is without any links except Asia, but he is right up there and has direct dealings with Mr. Shultz and others throughout the state department. From his glass-enclosed command post in the middle of the seventh floor Mr. Platt decides who will handle what issues and he controls all formal communications into and out of the department.

An official who is close to all three commented: "We're not talking about a conspiracy here. These are guys, along with a lot of other guys, who have worked together over the years and trust each other and try to help each other."

The old Asia hands, whose careers have mainly involved that area of the world, include Mr. Wisner and Mr. Platt, along with Morton I. Abramowitz, director of the bureau of intelligence and research; Kenneth Quinn, a deputy to Mr. Platt; and Michael H. Armacost, who was ambassador to the Philippines a year ago when Mr. Shultz chose him for the No. 3 job and he leaptfrogged over his colleagues.

The special assistants' club includes Mr. Hill, Mr. Quinn, Mr. Wisner and John H. Kelly, now principal deputy assistant secretary of state for Europe.

Both Mr. Wisner and Mr. Kelly were deputies to the executive secretary in the recent past. Also in this club were Arnold Raphael, the No. 2 man in the bureau of Near

Eastern and South Asian affairs, who used to be an aide to Joseph J. Sisco when he was under secretary for policy in the Kissinger era. Later, he was an aide to Secretary of State Cyrus R. Vance.

The Vietnam group has dwindled over the years. But some of those whose ties go back to the years of U.S. involvement in the Vietnam conflict are Mr. Hill, Mr. Wisner and Mr. Quinn, as well as L. Craig Johnstone, who is now deputy assistant secretary of state for inter-American affairs handling Central America, and John D. Negroponte, at present ambassador to Honduras but slated to be assistant secretary for oceans and international and scientific affairs.

Of the four networks, the most insular is the European one. The group took form when Mr. Kissinger was secretary of state in the mid-1970s. Unlike the other networks, the Kissinger hands stuck almost exclusively to the European area, particularly Soviet-American relations.

Almost all the members were linked to two key Kissinger aides, Helmut Sonnenfeldt, now at the Brookings Institution, and Lawrence S. Eagleburger, now president of Kissinger Associates, a consulting group in New York.

Three in this group are now deputy assistant secretaries of state in the European affairs bureau: John Kelly, an authority on Western Europe; Robie M. Palmer, an expert on the Soviet Union; and James F. Dobbin, an arms control specialist.

In the Kissinger years, Mr. Palmer and Charles Hill were the prime speechwriters for the secretary, while Mr. Wisner handled negotiations on what was then called Rhodesia and is now Zimbabwe.

There are, of course, other networks throughout the building, but none has such influence on Secretary of State Shultz and on personnel and policy issues.

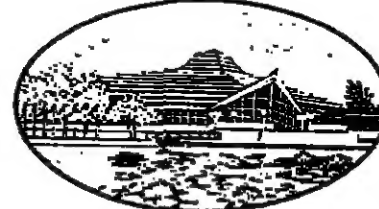
Talks on Gulf Set in Soviet

Reuters

KUWAIT — An Arab League committee that includes seven foreign ministers will visit Moscow next week for talks on ways to end the Iran-Iraq war, the Kuwaiti foreign minister, Sheikh Sabah al-Ahmad al-Sabah, said Wednesday.

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Before we go out to dinner, we go out to eat.

We eat a little here, a little there. The here and there are "tascas", special bars that serve small portions of appetizers called "tapas". A tapa might be as simple as paper-thin slices of rosy serrano ham, or just—warmed pieces of fragrant chorizo sausage. Or it might be an elegant composition

of cold mussels on the half shell, sprinkled with finely chopped fresh tomatoes, scallions and herbs in a light vinaigrette. The variety of tapas is truly unguessable, for there are untold thousands of tascas in Spain, and each has at least one unique tapa of the house.

Join us at sunset. Then, in the long hours of twilight, go with us from one tasca to another. Take a table outside in the square and watch the people-show. Or stand at a bar in the noisy intimacy of a popular gathering place. Should you have a few shrimp? Some fried fresh

sardines? Or that interesting pickled gherkin stuffed with smoked fish? Be careful if it's past nine o'clock; a big dinner's planned for eleven. That's right, eleven. We always eat late. To enjoy all the good things of life in Spain, our longest Summer day is too short.



Spain. Everything under the sun.

From Operating Room to the Capital, Red Hat of Cardinal Signals Power

By Samuel Koo
The Associated Press

VATICAN CITY — When Cardinal Jaime L. Sin of the Philippines underwent a major operation to remove a tumor, he was treated by 11 top specialists. But none of the doctors sent a bill, which his spokesman said could have reached about \$30,000.

When news reached Nicaragua last month that Archbishop Miguel Obando y Bravo had been named a cardinal by Pope John Paul II, one of the first to pay respects was the prelate's most powerful adversary, the Marxist president, Daniel Ortega Sarredra.

Times have changed since cardinals enjoyed princely temporal powers, but many of the regal trappings and much of the prestige remain. In some countries, a cardinal's red hat often brings power that transcends religious boundaries.

Mr. Ortega's call at the archbishop's residence was seen as a sign of Archbishop Obando's key political role in the Central American country where the church hierarchy has opposed major policies of the Sandinist government.

Archbishop Obando is one of the 28 churchmen, including the archbishops of Boston and New York, who will be formally elevated to

cardinal Saturday by Pope John Paul II in a Vatican consistory.

They will join 124 others who serve as the pope's top advisers on policy and help govern the world church as ranking members of various Vatican offices, including a new council of cardinals on Vatican finances.

They also elect the pope, but beyond that they have few other special powers. Gone are the rich territories granted to cardinals — treasures that sometimes caused bloody feuding among the leading families of Italy and Europe who pushed their sons to seek their fortunes in the church.

However, the cardinal's red hat, a symbol of the crowning success of a long, distinguished service to the church, means enhanced prestige and authority.

For that reason, the cardinals become targets of surveillance and persecution in countries ruled by Communist and authoritarian regimes. Fearing reprisals, the pope sometimes names a cardinal "in pectore" or "in his heart," meaning his appointment will not be known until the situation in his country improves.

In Czechoslovakia, Cardinal Frantisek Tomasek, 85, is regarded as a strong and influential opponent of the Prague regime.

Cardinal Tomasek, whose nomination in 1975 to cardinal was kept secret for a year, has strongly de-



Miguel Obando y Bravo



Frantisek Tomasek

fended the church despite a persistent government crackdown.

Unlike many of his colleagues in Western countries, he leads an austere life with few privileges, often answering his own telephone and the front door.

Cardinal Joseph-Marie Trinh Van Can of Hanoi needs government permission whenever he wants to travel abroad. At least twice during the past five years, the Communist authorities denied permission for trips to Rome.

By contrast, in Catholic Argentina, the cardinals are paid by the state, and have tremendous influ-

ence in politics and other facets of social life. They have only to ask to get private meetings with the president or other top officials of the government.

In the United States, the influence of cardinals has generally declined since the Second Vatican Council and the formation of the National Conference of Catholic Bishops in 1966.

"Before Vatican II, the opinions of cardinals were given greater weight by their fellow bishops and clergy members than they are now," said the Reverend Robert Trisco, a church historian.

Envoy Urges U.S. Jews To Reconcile With Bonn

By Sara Rimer
New York Times Service

WASHINGTON — In an appearance before the B'nai B'rith international board of governors, the West German ambassador said that he hoped the dispute over President Reagan's visit to the German military cemetery at Bitburg might inspire renewed efforts to strengthen ties between his country and American Jews.

The address Tuesday was the first by a West German official to B'nai B'rith International, its executive vice president, Daniel Thurns, said. He added that it would not have occurred without Bitburg.

The ambassador, Gundter van Well, was given a cordial reception by the 150 delegates to the meeting of B'nai B'rith governors, who on Wednesday ended their semiannual meeting in Washington.

Declaring that the establishment of German-Jewish relations after World War II had been more intensive in Israel than in the United States, Mr. van Well said, "We would wish that the troubling, painful discussion of the last few weeks leads American Jews to join us in new determined efforts to establish closer links also between the Federal Republic of Germany and American Jewish communities."

Mr. Thurns said the decision to invite Mr. van Well was a step toward a process of reconciliation between American Jews and West Germans that had been damaged by the president's visit to the Bitburg cemetery. Among the graves of 2,000 German war dead in the cemetery are those of 49 soldiers of the Waffen SS, Hitler's elite troops.

"Bitburg became a focal point in illustrating the fact that reconciliation has never taken place here," said Mr. Thurns, who is American. "Israel made peace with present-day Germany 30 years ago. In America, the issue has never been addressed. It has never been a priority. It didn't have to be."

Mr. Thurns said after the meeting, "Everybody in the Jewish world was furious at the Bitburg thing. That was an attempt to forgive and forget. And that we will never do and cannot do."

"Israel has not made peace with the SS and Nazi Germany or with others who committed crimes of the Holocaust," he continued. "They have begun the process of reconciliation with the new state of Germany."

The ambassador made repeated references to the Holocaust and quoted the speech given by President Richard von Weizsäcker of West Germany in Bonn on May 8.

"German-Jewish relations will retain the mark of the Holocaust," Mr. van Well said. "But let's not forget the times when German-Jewish relations were close and fruitful."

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South Africa's Actions Pushing Black Unions Toward More Activism

By Allister Sparks
Washington Post Service

JOHANNESBURG, South Africa — A series of actions by South African security forces against members of the newly emergent black labor movement has caused leaders of the movement to identify more closely with black political activists.

Until a few months ago the major unions had resisted efforts by black political movements to involve them in their campaigns against apartheid. They had reasoned that building up their shop-floor strength was a priority task.

But attempts by the government to quell unrest in segregated townships is changing the attitude of the black labor leaders.

Evidence of this change was apparent at the funeral last week of a union official who died shortly after being arrested by the police in the township of Tsakane, 50 miles (80 kilometers) east of Johannesburg.

Black colleagues of the union official, Andries Raditsela, say they saw a police officer strike him on the head when he was arrested May 4. Later that day relatives found Mr. Raditsela in a disoriented state, lying on the floor of a government building. He was taken to a hospital, where he died May 6.

Mr. Raditsela, 29, belonged to one of the most determined non-political union groups, but the funeral it organized for him turned into a political rally attended by more than 25,000 people.

Leaders of the Federation of South African Trade Unions delivered impassioned speeches in support of the black demand for political rights. Their union songs mingled with those of the underground African National Congress and its guerrilla wing, Spear of the Nation.

Mr. Raditsela's death has given the federation another shove in that direction. The next step could be taken June 8 and 9, when the federation, the council and other major unions will meet to discuss the possibility of forming a single black labor federation.

The federation's president, Chris Dlamini, said in an interview that Mr. Raditsela's death had been a watershed event for the organization.

"I think we have reached a new stage now," he said, adding that unrest and bloody clashes with the police that have resulted in more than 300 deaths and 10,000 arrests in eight months were "pushing everyone into becoming involved in political issues outside the working place."

However, the federation's call for a one-day general strike to mark the occasion was observed only partially, indicating that although the unions are becoming politicized, South Africa's economic recession and rising black unemployment rate are limiting their ability to take effective action.

After army raids on black townships last fall, the unions called for a two-day protest strike. The government responded by arresting Mr. Dlamini and Piroshaw Camay, president of another big alliance, the Council of Unions of South Africa.

The two men were detained without charges for a month before pressure, apparently from the Reagan administration, led to their release. By that time the two organizations, with a combined membership of nearly 300,000, had drawn closer to the main black nationalist organization that is still allowed to operate legally, the United Democratic Front.

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DOONESBURY



Husak Re-Elected in Prague

United Press International

PRAQUE — President Gustav Husak, 72, was re-elected by parliament Wednesday to a third five-year term in office. Mr. Husak was also returned unopposed as general secretary of the Communist Party.

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SCIENCE

IN BRIEF

Evidence of Oil Found in Antarctica

LONDON (NYT) — An analysis of sediment from the floor of Bransfield Strait, north of the Antarctic peninsula, has yielded clear evidence of oil deposits, according to researchers on the West German ship Polarstern.

The authors of the report noted that the area's abundant oceanic life continuously enriches the sea floor with organic material. Presumably, the organic matter is then baked by the upward flow of heat in this volcanic area, accelerating its conversion to oil and gas.

The sediment provides the first "unambiguous geochemical evidence of active petroleum source rocks along the Antarctic continent," the authors reported in the journal *Nature*.

Mysterious Disease Strikes in Brazil

ATLANTA (NYT) — A new and perplexing disorder that affects children up to the age of 10 and is fatal in about 70 percent of cases has been identified in Brazil. A task force of specialists, including some from the Centers for Disease Control here, has been formed to investigate it.

The disease does not appear to be transmitted directly between individuals. Although its symptoms resemble those of meningitis, no suspicious bacteria or other clues have been identified.

Ten children in a small town in the state of São Paulo contracted the disease last fall. It began with an acute onset of high fever, vomiting and abdominal pain. Within two days the children developed purpura — hemorrhaging of blood vessels that turns the skin purple. All the children died.

Investigators who interviewed the families learned that in many cases the children's eyes were infected a week or two beforehand with a contagious form of conjunctivitis. Whether this was related to the mysterious disease is not known.

Alcohol Called a Prime Killer of Aged

INDIANAPOLIS (UPI) — Death among the elderly is often attributed to "old age," but statistics show that alcoholism is the third leading cause of death in that age group, says a spokeswoman for the Visiting Nurses Service in Indianapolis.

The National Council on Alcoholism estimates that more than 20 percent of the United States' population aged 61 and older are alcoholics. A large number of them turn to alcohol as an escape from problems associated with growing old.

Symptoms such as "falling and breaking of the hip," confusion, forgetfulness, changes in behavior, and failing health among the elderly are often passed off as senility or as the "natural aging process," said Marcene Blakey-Royster. But these signs might in fact be indications that an elderly person is dependent on alcohol, she said.

Single TB-Leprosy Vaccine Is Sought

BOSTON (AP) — Scientists have used a new technique to isolate genes from the bacteria that cause tuberculosis and leprosy, and they say this may enable them to develop a single, fully effective vaccine against these major diseases.

Leprosy and tuberculosis are caused by similar bacteria. Vaccines now exist for both diseases, but they have major shortcomings.

The researchers' idea is to isolate the bacterial genes that produce proteins that the human immune system recognizes as foreign. Then these genes would be spliced into the genetic material of a harmless bacterium, which could be used as a vaccine. The research was conducted at the Whitehead Institute for Biomedical Research in Cambridge, Massachusetts.

Raw Seafood: Some Should Abstain

SALT LAKE CITY, Utah (UPI) — People with liver disease or with a weakened immune system should not eat raw seafood, because it could give them fatal blood poisoning, according to a medical researcher.

Infections by a common saltwater bacterium from eating contaminated raw oysters or from wounds inflicted while handling seafood can also cause arthritis, seizures, low blood pressure, confusion, anorexia and vomiting in vulnerable people, said Jeffrey Johnston, of the University of Utah School of Medicine. The bacterium, *Vibrio vulnificus*, is common in coastal waters, especially in the Gulf of Mexico.

"People who have abnormal immune function are at risk for the disease," Dr. Johnston said in an interview. "It's probably easily handled in normal people." But recent evidence indicates that this bacterium, which is related to the organisms that cause cholera, can cause diarrhea in healthy people, he added.

Maine Lobsters Said to Travel As Much as 100 Miles a Year

By Jeffrey J. Simcik
United Press International
AUGUSTA, Maine — Some lobsters, often thought of as sluggish creatures of the deep, may cover 100 miles (160 kilometers) or more each year.

Many appear to complete a long-distance circuit and return to their starting point, according to Mary Cerullo of the University of Maine Sea Grant College Program, who is at the midway point of a three-year project on movements of large lobsters in the Gulf of Maine.

"Evidently some lobsters undertake long-distance seasonal journeys comparable, for their size, to those of other Maine natives who go to Florida for the winter," she said.

In October 1983, researchers dumped into the ocean 1,996 large lobsters specially tagged and marked with a "V" notched into their tails. Cooperating lobstermen report when and where they trap such lobsters, and pass the specimens back into the water.

Halfway through the project, 379 lobsters have been captured and released — some as many as four times.

Although most of the lobsters moved 2 to 7 miles from where they were released, 11 percent were tracked an average of 60 miles, including several that later returned to their original release area.

"One lobster released from Stonington, Connecticut, in October 1983, was caught 74 miles southeast the next May," Dr. Cerullo said. "Then it traveled 81 miles north to within a few miles of Stonington before it was recaptured in August 1984."

Some lobsters were found as far south as Nantucket Island and as far east as Georges Bank, which is believed to be an important breeding ground. As a rule, the larger the lobster, the more distance it covered.

The research seems to confirm

what lobstermen have known for decades — that lobsters tend to migrate farther off shore in search of deeper and warmer waters in the winter, then return in the springtime.

The study could also shed light on the role that larger lobsters play on brood stock, and how the movements affect the lobster population.

Dr. Cerullo stressed researchers need more information before they can confidently project trends for movements of lobsters.

The information could also aid in determining whether increasing the minimum legal size for keeping trapped lobster would help preserve the lobster population.

Italian Physicist Pursues Challenges of Particle Accelerators

By William J. Broad
New York Times Service

GENEVA — Fresh from winning last year's Nobel Prize in physics, Dr. Carlo Rubbia has turned to one of the biggest challenges of his career: creating a new atom smasher for CERN, the 6,000-person European Laboratory for Particle Physics.

Dr. Rubbia, 51, recently paused to outline some of his ideas for new particle accelerators — complex machines that probe both the infinitely small and the infinitely large, both the atom and the forces that hold the universe together.

His work will have ramifications not only for CERN but also for the future of physics in the United States. One of his proposed machines would, as he put it, "cut a lot of grass" from under a planned U.S. multibillion-dollar accelerator.

To some observers, Dr. Rubbia's atom smasher is a gamble that, if powerful enough and built quickly enough, might just give the American proposal dead in its tracks.

To others, Dr. Rubbia's machine is less threatening. "Rubbia's technique is to make outrageous statements and then see what gives," said Leon M. Lederman, director of the Fermi National Laboratory in Batavia, Illinois. Fermilab is one of the main contenders for the American machine, the Superconducting Super Collider, whose circular tunnel would stretch up to 100 miles (160 kilometers) and cost \$3 billion to \$6 billion.

In 1978, as work on the accelerator got under way, Dr. Rubbia took up another technical challenge — a detector of unprecedented sensitivity

that could record the presence of the ghostly particles. It was built in three years, with \$20 million and the efforts of 130 physicists from eight countries.

The detector and accelerator were switched on in 1982. In 1983, Dr. Rubbia announced the discovery of the W and Z particles, remnants of the cosmic big bang that convey two of the fundamental forces of nature, electromagnetic and the so-called weak force, which accounts for some forms of radiation. It was for this discovery and his role in developing the machine that he won the Nobel Prize with Dr. van der Meer. In 1984 he announced the discovery of the top quark, another elementary building block of nature.

Dr. Rubbia has now set his sights on an accelerator that outperforms not only his proton-antiproton collider but another atom smasher under construction at CERN, the LEP, or large electron-positron collider. (Positrons are the antimatter cousins of electrons.) With a circular tunnel 16 miles in circumference, LEP is due to be switched on in 1988.

One of Dr. Rubbia's main ideas is to put a new accelerator in that tunnel atop the LEP machine, given that the expensive tunnels would already have been dug. The problem would be how to make the accelerator more powerful than LEP.

As subatomic particles are pushed to increasingly high energies, they increase their resistance to being turned in a circle, in the way that turning an automobile around a corner is easy at 60 mph and more difficult at 60 mph.

To build an atom smasher more powerful than LEP, a designer has two basic options: increasing the size of the accelerator circle, thus straightening out the particle path as much as possible (the option being pursued in the United States), or employing more powerful magnets to keep a tight grip on increasingly energetic particles.

"The United States has Texas and other large areas so they can talk about 100-kilometer machines," said Dr. Rubbia. But in Europe real estate is expensive, and so the CERN team is focusing on the creation of magnets more powerful than any ever before used in particle accelerators.

Magnetic power is measured in units known as tesla. A few years ago at the Brookhaven National Laboratory on Long Island, magnet designers tried and failed to mass produce accelerator magnets of five tesla, at the time the strongest ever for an atom smasher.

CERN, however, is looking into the construction of magnets of eight tesla. "It's something that will require a lot of effort," Dr. Rubbia said. "It's one thing to build a few at home, and quite another to do it commercially."

The construction of such magnets would severely test Dr. Rubbia, his colleagues say. Physicists have speculated about putting an accelerator in the LEP tunnel, but it would require great skill to build one as ambitious.

The resulting machine, Dr. Rubbia said, might be able to collide protons with a force of 16 trillion electron volts or TEV. In contrast, the U.S. proposal is to build a machine of 40 TEV with magnets of anywhere from 3 to 6.5 tesla. "Our machine would make sense only if it came earlier than the U.S. project," said Dr. Rubbia.

The CERN machine might be built by 1992 or 1993, while the American machine would be built in the mid-1990s, he said. He added that the CERN accelerator would be much less expensive, costing about \$300 million, a tenth of the price of the Superconducting Super Collider.

With less than half the American machine's power, it might nonetheless walk away with the lion's share of the discoveries, according to Dr. Rubbia.

Similar optimism was expressed by John Ellis, a CERN theoretical physicist. "We'd like a machine twice as powerful," he said, "but I can't convince myself it's worth the extra cost." Dr. Ellis is a leading theorist of supersymmetry, which posits the existence of a group of particles (with names like squarks, gluinos, gravitinos, zinos and winos) that might be revealed in the energy range of Dr. Rubbia's proposed machine.

At Fermilab, Dr. Lederman disparaged the European proposal, saying a more powerful machine was needed. "I think ours is a sounder idea because we can get to a higher energy," he said. "You have to get to a place where you can decisively resolve some of the uncertainties we are facing in physics."

Having breached the idea of such cooperation, he started to discuss other machines CERN would then be free to build. "We could do something completely new, completely different, completely original," he said. "There are fantastic new possibilities."



Physicist Rubbia: An "absolutely fantastic" project.

Dr. Rubbia was not deaf to such arguments. He said Europeans would even be interested in participating in the U.S. machine and forging the challenge of creating a rival if the terms of the cooperation could be made alluring enough.

Having breached the idea of such cooperation, he started to discuss other machines CERN would then be free to build. "We could do something completely new, completely different, completely original," he said. "There are fantastic new possibilities."

Scientists Try to Explain 1984 Cloud

By Walter Sullivan
New York Times Service

NOT since the great Siberian blast of 1908 or the flash recorded over the South Atlantic by a U.S. Defense Department satellite in 1979 has there been an event as mysteriously mysterious as the mushroom cloud that appeared over the sea 200 miles east of Japan shortly before midnight April 9, 1984.

It was so close to a Japan Airlines cargo flight, No. 36, that the plane's commander, Captain Charles H. McDade, swerved away from it, began a rapid descent, ordered his crew to put on oxygen masks and radioed a "May Day" distress call.

"Looks like a nuclear explosion, only there was no fireball," he told flight controllers in Alaska. His plane was slightly jostled. "I turned tail and ran," he said later.

The crews of KLM and Flying Tiger airlines, also headed toward Alaska, saw the cloud too. All were flying above a 14,000-foot (4,300-meter) cloud deck from which a bulb appeared, soaring at an estimated 500 mph (800 kph). The bulb rapidly expanded to a diameter of 200 miles — the distance between New York and Washington — then thinned and disappeared above 65,000 feet.

The Soviet Union had warned of impending weapons tests, but far to the north. Still, the planes, and others passing the area on their way to Alaska, were diverted to Elmendorf Air Force Base near Anchorage to be examined for radioactivity. None was found. There was no disruption of aircraft electronics, nor did any of the pilots see a flash, and other telltale effects of a nuclear blast were lacking.

Last year's event has been analyzed by a number of scientists, most recently in the *British Journal of Nature* by Dr. C. Chang and James A. Burnett of Teldeyne Geosch in Alexandria, Virginia. They propose that it occurred when a meteor hit the cloud deck and disintegrated, producing a multitude of fragments.

The kinetic energy of these particles, they say, generated enough heat to evaporate the cloud particles and cause a rising plume of air like that above a nuclear explosion.

According to Dr. Daniel A. Walker of the Hawaii Institute of Geophysics, who has spent several months studying flight crew interviews and available data, the meteor hypothesis does not explain the mushroom shape nor the energy needed to force a cloud upward at 500 mph.

In an analysis published in the *Journal of Science*, he and his colleagues said, "The only known natural phenomenon capable of producing such rapid and extensive vertical motions are volcanic eruptions at their source."

The meteor hypothesis, Dr. Walker said in a telephone interview, must still be spelled out in terms of "good, hard mathematics and meteorological physics."

Co-authors of his report in *Science* were Charles S. McCreary and Firmin J. Oliveira. Their institute is at the University of Hawaii in Manoa. Among the records that they examined were those from an array of 11 hydrophones near Wake Island. They apparently recorded volcanic rumbling from underwater eruptions at Kaitoku Seamount 910 miles south of the cloud sighting, but nothing near that site.

Any volcanic plume from Kaitoku Seamount should have been blown in the opposite direction, the group concluded.

"It is important for the mystery to be solved," Walker recently wrote to a Dutch colleague. "One should consider whether a nuclear war would have been started if the cloud had been observed in a more populated area."

Similar fears have been expressed should there be a recurrence of the 1908 explosion, which leveled forests over a large part of Siberia, starting fires and killing numerous reindeer. Presumably it occurred high in the air, for no crater was formed.

The favored explanation is that it was a comet too insubstantial to survive passage through the atmosphere, but moving so fast it exploded from the resulting heat.

The 1979 flash was recorded by one of the Vela satellites placed in orbit to watch for nuclear explosions. Their sensors record hundreds of thousands of flashes from lightning bolts, meteors, ground-based lasers, direct or reflected sunlight. Most are very brief. The South Atlantic flash was more like the prolonged sequence from a nuclear blast.

As a result, the Defense Intelligence Agency was reported to have decided that a nuclear explosion was the most likely explanation. A panel of experts convened by the White House, however, concluded that the absence of other supporting evidence, such as fallout and atmospheric pressure waves, seemed to rule that out.

More plausible, it found, was sunlight reflected from debris knocked off the satellite by a small meteoroid.

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And for the first time, these athletes will be competing against each other over a 16-meet season that runs from 25 May in San Jose, California, to 7 September in Rome, Italy.

Sponsored by Mobil and organized by the International Amateur Athletic Federation, the IAAF Mobil Grand Prix is a new concept in athletics.

In the past, though sports fans dreamt of great confrontations, the best athletes rarely met each other when the chips were down. Then everything rode on one meet and too often chance victimized talent. Chance—and politics.

But this season, the athletes will be put to the truest test of excellence: consistency at the highest levels of competition.

Grand Prix points are awarded to athletes on the basis of their performances and times. World records gain extra points. At the conclusion of the season, overall Grand Prix titles will be awarded to the outstanding male and female athletes and to the outstanding performers in each event.

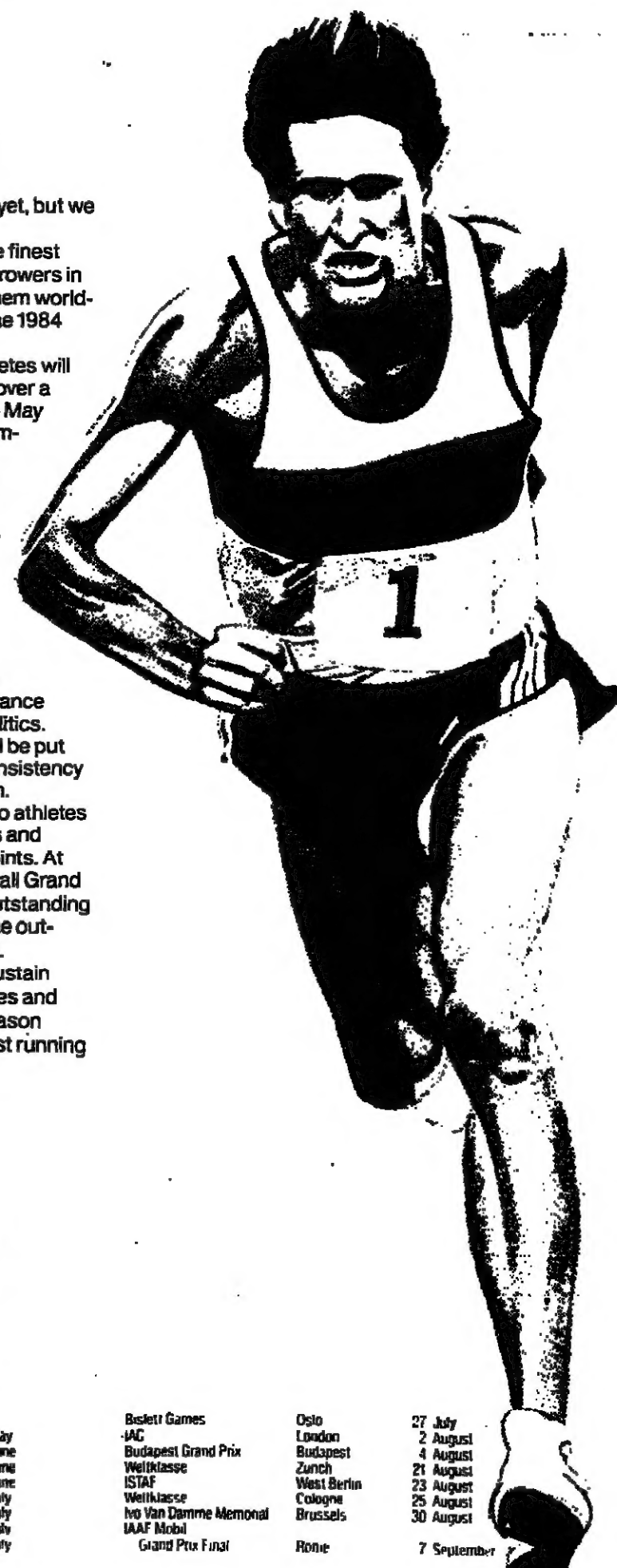
It's a programme that will help sustain interest in athletics—among athletes and among fans. Which is one good reason why Mobil is supporting our longest running season.



Here's the 1985 IAAF Mobil Grand Prix schedule

Bruce Jenner's Bud Light Classic	San Jose California	25 May
The Presidential Classic	Eugene, Oregon	1 June
Znamensky Memorial	Moscow	8 June
Rosicky Memorial	Prague	22 June
DN-Galen	Stockholm	2 July
World Games	Helsinki	4 July
Nikami	Beck	18 July
Pougeur Tabot Games	London	19 July

Basket Games	Oslo	27 July
JAC	London	2 August
Budget Grand Prix	Budapest	21 August
Weltklasse	Zurich	21 August
ISTAF	West Berlin	23 August
Weltklasse	Cologne	25 August
Ivo Van Damme Memorial	Brussels	30 August
IAAF Mobil Grand Prix Final	Rome	7 September



Carthaginian Tombs Found Near Sardinia

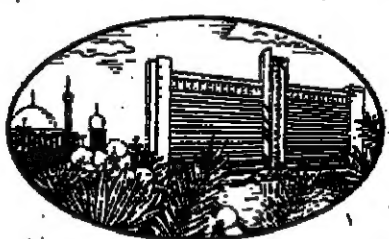
The Associated Press

ROME — Archaeologists have found more than 1,500 Carthaginian tombstones dating from the 6th to 1st centuries B.C. on an island off Sardinia, researchers said.

Images of gods and priests, and inscriptions, are carved on the tombstones found on the island of Sant'Antioco. Professor Sebastiano Moscati of the University of Rome said last week.

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THURSDAY, MAY 23, 1985

WALL STREET WATCH

With Dow Flying at 1,300,
Some Are Wary of Hypoxia

By EDWARD ROHRBACH

International Herald Tribune

PARIS — Even with stock prices soaring to new highs this week, many market analysts are not letting themselves be overly affected by the rarified air around 1,300 on the Dow. Goldman Sachs, for example, which refused to get ahead in the updraft of sharp rallies last August and January and was proven right when most gains deflated over ensuing months, maintains a sober, sea-level attitude.

"It's a mature stock market, still providing some opportunity for an advance," said Steven Einhorn, co-chairman of the firm's investment policy committee. "But even if that occurs, we think it will be followed by a lengthy topping-out process at levels not too much higher than where we are now."

He sees stocks "constrained on the upside" by rising interest rates in the second half of 1985 and "protected on the downside by the massive injection of liquidity from the Fed." It has been this action by the Federal Reserve that ignited the current rally, he added, because "a lot of investors who shouldn't have been in cash decided to move out."

Richard Schmalz, director of portfolio strategy at Kidder Peabody, thinks that the "biggest surprise produced by this rally could be an awakening of the over-the-counter market." He pointed out that both the Nasdaq index and American Stock Exchange have failed to match the record highs set on the New York Stock Exchange.

With returns from money-market funds and Treasury bills melting as interest rates work lower, he sees retail investors "rethinking" their attitudes toward common stocks. "The move is only modest so far, but picking up," he said, noting that it is individuals who tend to buy the smaller stocks.

Kidder has raised its target on the S&P-500 stock index to 210, about 10 percent higher than it is now, and up some 10 points from the first week of May when it recommended that equity accounts go down 75 percent to 90 percent invested. Mr. Schmalz cited the "meaningful and credible" action by the administration and Congress on cutting the federal budget for boosting Wall Street prospects, plus the Fed's "obvious restimulation."

Favorite stocks he mentioned are Digital Equipment, Minnesota Mining, Squibb, Schering-Plough, Celanese and Great Lakes Chemical.

IF Wall Street does continue to surge higher, Philip Roth, technical analyst at E.F. Hutton, commented that energy stocks will probably lose their momentum. Since 1983, he pointed out, these issues have tended to outperform only "when the market has been in a flat or down pattern."

A Marshall Acuff Jr., Smith Barney portfolio strategist, noted that energy stocks have been a source of "amazement and frustration" this year to investors. "Probably voted least likely to succeed in 1985, they have clearly outdistanced the market," he said, pointing out that the group has topped the total-return charts among major stock groups with an 18-percent gain.

Charles Maxwell, senior oil strategist at Cyrus J. Lawrence, thinks it is time to take profits in the group. He warns about "substantial risk of oil surpluses swamping the market." His associate, Frederick Leuffer, added: "The stocks are not cheap on a statistical basis and carry a premium because of takeover activity."

Barry Good, oil analyst at Morgan Stanley, shares this view about weak fundamentals. "Trading-oriented investors should sell into strength," he said.

However, Russell Miller, who follows the industry for Alex. Brown & Sons, accepts that energy stocks may slip near term, but likes the long-range outlook. "The risk of continuing to severely underweight energy sectors of the portfolio in face of this major restructuring (by companies) exceeds the potential reward of waiting for a possible pullback in these stocks," he said.

Oil stock investments have also been considered unattractive (Continued on Page 15, Col. 1)

Orders Up
In U.S. for
Durables

First Increase
In 3 Months

The Associated Press

WASHINGTON — Orders to U.S. factories for durable manufactured goods rose 1 percent in April, the first increase in three months, the government reported Wednesday.

The Commerce Department said orders for durable goods, items expected to last more than three years, totaled \$100.7 billion in April, a gain of \$1 billion from the March level.

In March orders had fallen 2.7 percent following a 2.8-percent February decline. While orders rose 4.1 percent in January to a record high of \$105.4 billion, this was only a 1-percent advance from the level reached in March 1984 because orders have generally been weak the past year.

The setbacks underscore the weak performance in the industrial sector. U.S. industry has been battered by foreign competition both at home and abroad with sales slumping because of the strong value of the dollar.

The government on Tuesday reported U.S. economic growth for the first three months of the year reached an annual rate of only 0.7 percent, the slowest pace since the end of the last recession.

Many economists have expressed concern that the United States could be in danger of slipping into another recession. However, interest rates have been dropping in recent weeks and some analysts think these declines will be enough to spur further growth in the economy.

The Commerce Department report said the 1-percent April increase came from gains in orders for transportation equipment and primary metals such as steel that offset a large decline in machinery orders.

Orders for military capital goods rose 6 percent in April following an even larger 7.8-percent March gain. The increase put April orders at \$6.6 billion.

Orders for nonmilitary capital goods declined 6.9 percent following an even sharper 7.8-percent drop in March. This category is considered to be a good indicator of business plans to expand and modernize production facilities.

How a Controversial Contractor
Built a Business Empire in Egypt

By Judith Miller

New York Times Service

CAIRO — When Anwar Sadat was president of Egypt, Osman Ahmed Osman, Egypt's richest businessman, was never far from his side. It was Mr. Osman — entrepreneur, banker, self-proclaimed builder of the Aswan Dam — who accompanied Sadat on his historic trip to Jerusalem in 1977. It was Mr. Osman who watched videotaped movies with him late into the night. And it was Mr. Osman who helped Sadat promote Egypt's reopening to private enterprise and to the West.

So when Hosni Mubarak became president after Sadat's assassination in 1981, many Egyptians predicted Mr. Osman's fall from grace.

But that has not happened. Although he is no longer minister of construction or a confidant of Egypt's leader, Osman Ahmed Osman remains powerful, and probably the most famous Egyptian entrepreneur.

He still effectively controls, as "life honorary chairman," the Arab Contractors Group, a sprawling network of private and public-sector companies, the most important of which he founded 36 years ago. Arab Contractors Co., as it is still called, achieved renown as one of the builders of Aswan Dam.

Last year, the entire Arab Contractors Group secured \$684 million worth of construction projects, one-third of all projects awarded here. Some of the contracts were subcontracted to private companies owned or controlled by Mr. Osman. That business practice — allowing Mr. Osman, the public servant, to funnel business to Mr. Osman, the private subcontractor — is controversial but legal in Egypt, where the public sector still accounts for at least 70 percent of domestic production.

Mr. Osman is also a member



Osman Ahmed Osman

of Parliament, serving on the influential housing committee. And he is chairman of the ruling National Democratic Party's popular development committee, at the same time he maintains close ties with Egypt's major opposition party, the Wafd.

Indeed, the 66-year-old Mr. Osman has been able enough to prosper throughout Nasser's socialism, Sadat's capitalism and Mr. Mubarak's policy of moderation. It is a durability the business community attributes to his political and business acumen. But it also reflects the extent to which Egypt — with its underpaid, unmotivated government bureaucracy — must rely on private concerns to carry out national projects.

"Egypt needs a vigorous pri-

ate sector," Mr. Osman said in one of his infrequent interviews. "Only through competition between the private and public sector will Egypt's interests be served."

Now employing 60,000 Egyptians, Arab Contractors Co., the group's major concern, was nationalized by Nasser in 1961. Together with the network, it has built dozens of hospitals, airports, apartments and roads throughout the Arab world over the past 25 years. And today it is very much a catalyst for Egypt's private sector. Mr. Osman said he has established more than 200 companies and 26 banks.

Mr. Osman's business practices do not go unchallenged in Egypt. Mohammed Helikal, (Continued on Page 11, Col. 1)

Shell Reports
10% Increase in
1st-Quarter Net

By Bob Haggerty

International Herald Tribune

LONDON — The Royal Dutch/Shell Group, citing buoyant gas sales and the strong dollar, reported Wednesday a 10-percent increase in first quarter net income.

But the British-Dutch group, the world's second-largest oil company, warned that oil prices are vulnerable to a further decline in coming months.

Net rose to £1.08 billion (\$1.38 billion) from £982 million in 1984's first quarter, when net soared 93 percent from a year before. Sales grew 15 percent to £17.51 billion from £15.28 billion.

The results were in line with forecasts. Shares of Shell Transport & Trading, the British arm, closed on the London Stock Exchange at 716 pence, down from 720 pence Tuesday. On the Amsterdam Stock Exchange, shares of Royal Dutch Petroleum closed at 206.10 guilders (\$60), up 1.30 guilders.

Because oil is priced in dollars, the rise of that currency from year-earlier levels bloated the value of inventories in pound terms. Stripping out this distortion, the group showed an underlying profit decline of 1.6 percent.

But David Gray, an analyst at the London brokerage of James Capel & Co., said that figure was "a lot better than it looks." He pointed to two big exceptional items: a £50-million provision to cover the cost of restructuring unprofitable metal operations and a currency-translation loss of £75 million. That loss reflected the decline of the dollar from the end of last year, which lowered the pound value of the group's dollar reserves.

Because the dollar remained well above year-earlier levels, however, the pound value of the group's oil

production increased from 1984's first quarter. In addition, crude oil production rose 2 percent to nearly 1.66 million barrels a day.

Natural-gas sales surged 12 percent to 8.04 billion cubic feet a day as cold weather boosted demand in Western Europe.

Net income at Shell Oil Co., the U.S. unit, fell 9 percent in dollar terms. The contribution to the group's profit in pound terms, however, grew to £219 million from £156 million. Aside from the currency benefit, the increase reflected the rise in the group's stake in Shell Oil to 94.6 percent from 69.4 percent.

Sir Peter Barendse, chairman of Shell Transport, said at that company's annual meeting Wednesday that the group appeared close to success in its effort to raise its shareholding in Shell Oil to 100 percent. Litigation by minority shareholders has delayed the move.

Sir Peter also said the glut of crude oil could depress prices further this summer unless the Organization of Petroleum Exporting Countries again reduced output. The price of North Sea Brent blend already has declined to about \$26.50 a barrel from nearly \$29 in late January.

Many oil analysts expect worldwide demand this year to show only a slight rise from 1984. "At best, prices will stay where they are," said David Johnson, an analyst at Wood, Mackenzie & Co., "and there is a downside risk." Even so, he added, "I wouldn't have said they were about to collapse."

For the full year, Wood Mackenzie forecast that Royal Dutch/Shell would report net income of £3.66 billion, up from £3.65 billion in 1984. Capel's Mr. Gray predicted net of £3.75 billion.

Fallout From Pickens-Unocal Fight Is Clouding Other Bids

By Mark Porris

Washington Post Service

WASHINGTON — T. Boone Pickens's days as the scourge of the oil patch may be over, analysts say.

Legal fallout from Unocal Corp.'s bid against Mr. Pickens may significantly slow the recent

wave of hostile takeover raids on oil companies and other corporations led by Mr. Pickens and other financiers by rewriting some of the rules.

The most crucial element changing the environment for takeovers, the analysts said Tuesday, is a ruling by the Delaware Supreme Court last Friday. The ruling stopped Mr. Pickens's efforts and may have established a precedent for a powerful new kind of takeover defense based on treating raiders and greenmailers differently than other stockholders — especially raiders making "two-tier" offers that pay cash to half a company's stockholders and promise securities that might be worth less to other stockholders.

The decision allowed Unocal to exclude Mr. Pickens's investor group from a \$72-a-share offer by the company to buy back its own stock from shareholders. The court said Mr. Pickens could be excluded because his offer had been inadequate and coercive.

Experts said that while the decision was open to further interpretation, and in the view of some critics, narrow and confusing, it would

still likely slow down the raiders. "It certainly has a chilling effect on Pickens," said A. Gilchrist Sparks 3d, a Wilmington-based corporate lawyer who argued the case on behalf of Unocal. "Where you've got an offer, such as this one, that is grossly inadequate and coercive in its structure, a board acting carefully and honestly can use this technique to halt the raider."

"Somebody contemplating making one of these offers [now] has to factor in, 'Am I going to get a Unocal type of response?' And that may cause some people to think twice, structure their offer in a more fair way or pay more," Mr. Gilchrist said.

"You've got a different ballgame than you did before," said Rosario Ilacqua, an analyst at L. F. Rothschild, Unterberg, Towbin. "It realistically the Delaware court decision certainly means that going

after a big company becomes very, very difficult, if not impossible. I think this means some change."

Even David Batchelder, vice president for finance of Mr. Pickens's Mesa Petroleum Co., suggested the Delaware ruling would slow the takeover tide. "You're going to see people wait until that thing is resolved," Mr. Batchelder said.

Mr. Pickens, in any case, has been slowed by his Unocal defeat. The outcome of his attempts to take over the oil company has been quite different from his highly profitable raids in recent years on other oil firms such as Gulf Corp., Cities Service Co. and Phillips Petroleum Co. Mr. Pickens broke even, at best, on his Unocal investment, and analysts say he more likely lost \$100 million or more.

Beyond the psychological effects of the outcome of the Unocal battle (Continued on Page 15, Col. 1)

Currency Rates

Cross Rates	May 22	May 21
London (\$)	1.345	1.345
Paris (F)	6.55	6.55
Frankfurt (M)	3.36	3.36
Geneva (S)	2.00	2.00
Basle (S)	2.00	2.00
Brussels (B)	2.00	2.00
Amsterdam (G)	2.00	2.00
Stockholm (K)	4.66	4.66
Copenhagen (D)	4.66	4.66
Helsinki (M)	4.66	4.66
Tokyo (Y)	160.00	160.00
Osaka (N)	160.00	160.00
Manila (P)	46.00	46.00
Bombay (R)	25.00	25.00
Calcutta (S)	25.00	25.00
Rangoon (T)	25.00	25.00
Singapore (U)	25.00	25.00
Colombo (V)	25.00	25.00
Madras (W)	25.00	25.00
Batavia (X)	25.00	25.00
Sourabaya (Y)	25.00	25.00
Manila (Z)	46.00	46.00
Bombay (AA)	25.00	25.00
Calcutta (AB)	25.00	25.00
Rangoon (AC)	25.00	25.00
Singapore (AD)	25.00	25.00
Colombo (AE)	25.00	25.00
Madras (AF)	25.00	25.00
Batavia (AG)	25.00	25.00
Sourabaya (AH)	25.00	25.00
Manila (AI)	46.00	46.00
Bombay (AJ)	25.00	25.00
Calcutta (AK)	25.00	25.00
Rangoon (AL)	25.00	25.00
Singapore (AM)	25.00	25.00
Colombo (AN)	25.00	25.00
Madras (AO)	25.00	25.00
Batavia (AP)	25.00	25.00
Sourabaya (AQ)	25.00	25.00
Manila (AR)	46.00	46.00
Bombay (AS)	25.00	25.00
Calcutta (AT)	25.00	25.00
Rangoon (AU)	25.00	25.00
Singapore (AV)	25.00	25.00
Colombo (AW)	25.00	25.00
Madras (AX)	25.00	25.00
Batavia (AY)	25.00	25.00
Sourabaya (AZ)	25.00	25.00
Manila (BA)	46.00	46.00
Bombay (BB)	25.00	25.00
Calcutta (BC)	25.00	25.00
Rangoon (BD)	25.00	25.00
Singapore (BE)	25.00	25.00
Colombo (BF)	25.00	25.00
Madras (BG)	25.00	25.00
Batavia (BH)	25.00	25.00
Sourabaya (BI)	25.00	25.00
Manila (BJ)	46.00	46.00
Bombay (BK)	25.00	25.00
Calcutta (BL)	25.00	25.00
Rangoon (BM)	25.00	25.00
Singapore (BN)	25.00	25.00
Colombo (BO)	25.00	25.00
Madras (BP)	25.00	25.00
Batavia (BQ)	25.00	25.00
Sourabaya (BR)	25.00	25.00
Manila (BS)	46.00	46.00
Bombay (BT)	25.00	25.00
Calcutta (BU)	25.00	25.00
Rangoon (BV)	25.00	25.00
Singapore (BW)	25.00	25.00
Colombo (BX)	25.00	25.00
Madras (BY)	25.00	25.00
Batavia (BZ)	25.00	25.00
Sourabaya (CA)	25.00	25.00
Manila (CB)	46.00	46.00
Bombay (CC)	25.00	25.00
Calcutta (CD)	25.00	25.00
Rangoon (CE)	25.00	25.00
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Rangoon (CN)	25.00	25.00
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Manila (CT)	46.00	46.00
Bombay (CU)	25.00	25.00
Calcutta (CV)	25.00	25.00
Rangoon (CW)	25.00	25.00
Singapore (CX)	25.00	25.00
Colombo (CY)	25.00	25.00
Madras (CZ)	25.00	25.00
Batavia (DA)	25.00	25.00
Sourabaya (DB)	25.00	25.00
Manila (DC)	46.00	46.00
Bombay (DD)	25.00	25.00
Calcutta (DE)	25.00	25.00
Rangoon (DF)	25.00	25.00
Singapore (DG)	25.00	25.00
Colombo (DH)	25.00	25.00
Madras (DI)	25.00	25.00
Batavia (DJ)	25.00	25.00
Sourabaya (DK)	25.00	25.00
Manila (DL)	46.00	46.00
Bombay (DM)	25.00	25.00
Calcutta (DN)	25.00	25.00
Rangoon (DO)	25.00	25.00
Singapore (DP)	25.00	25.00
Colombo (DQ)	25.00	25.00
Madras (DR)	25.00	25.00
Batavia (DS)	25.00	25.00
Sourabaya (DT)	25.00	25.00
Manila (DU)	46.00	46.00
Bombay (DV)	25.00	25.00
Calcutta (DW)	25.00	25.00
Rangoon (DX)	25.00	25.00
Singapore (DY)	25.00	25.00
Colombo (DZ)	25.00	25.00
Madras (EA)	25.00	25.00
Batavia (EB)	25.00	25.00
Sourabaya (EC)	25.00	25.00
Manila (ED)	46.00	46.00
Bombay (EE)	25.00	25.00
Calcutta (EF)	25.00	25.00
Rangoon (EG)	25.00	25.00
Singapore (EH)	25.00	25.00
Colombo (EI)	25.00	25.00
Madras (EJ)	25.00	25.00
Batavia (EK)	25.00	25.00
Sourabaya (EL)	25.00	25.00
Manila (EM)	46.00	46.00
Bombay (EN)	25.00	25.00
Calcutta (EO)	25.00	25.00
Rangoon (EP)	25.00	25.00
Singapore (EQ)	25.00	25.00
Colombo (ER)	25.00	25.00
Madras (ES)	25.00	25.00
Batavia (ET)	25.00	25.00
Sourabaya (EU)	25.00	25.00
Manila (EV)	46.00	46.00
Bombay (EW)	25.00	25.00
Calcutta (EX)	25.00	25.00
Rangoon (EY)	25.00	25.00
Singapore (EZ)	25.00	25.00
Colombo (FA)	25.00	25.00
Madras (FB)	25.00	25.00
Batavia (FC)	25.00	25.00
Sourabaya (FD)	25.00	25.00
Manila (FE)	46.00	46.00

(Continued from Page 8)

U.S. Futures							May 22
Season High	Season Low	Open	High	Low	Close	Chg.	

Season High	Season Low	Open	High	Low	Close	Chg.
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ORANGE JUICE (NYCH)						
15,000 lbs., cents per lb.						
164.05	148.50	Jul	148.20	144.70	145.00	-3.45
162.00	148.00	Aug	148.20	147.70	145.00	-2.90
161.00	148.00	Nov	144.25	144.30	142.20	-2.00

Where Will You Be Without Gold If The Dollar Drops Again?

The "almighty dollar" today is not quite so almighty.

Its recent fluctuations on foreign exchange markets may be just a hiccup. Or the beginning of a greenback's long-awaited decline.

Whichever the case, Krugerrand gold bullion coins are your best protection against currency instability.

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International Gold Corporation
Coin Division - 1, rue de la Rôtisserie
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12 Month High	Low	Black	Div.	Yk.	PE	Stk.	5 Year High	Low	Open	Close
12/1	16	Wm/Wm	2.48	11.5	11	311	22	22	22	22
12/2	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/3	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/4	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/5	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/6	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/7	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/8	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/9	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/10	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/11	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/12	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/13	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/14	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/15	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/16	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/17	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/18	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/19	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/20	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/21	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/22	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/23	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/24	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/25	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/26	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/27	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/28	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/29	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/30	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22
12/31	16	Wm/Wm	3.1	11.5	11	311	22	22	22	22

Please note that International Gold Corporation does not provide a buying or selling service.

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NOTES RECORDED NOW

[illegible]

Commodity and Unit	Wed	Thurs	Fri	Sat	Sun	Mon	Tue	Yr
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17	7-1	6-17	Coffee 4 Santos, lb	1.38	1.48
18	7-1	7-15	Printcricht 44/36 28 1/2, vd	0.61	0.75
22	7-1	7-15	Steel Bells (Pitt.), ton	473.00	453.00
23	7-1	6-26	Iron 2 Fdry, Phila., ton	213.00	213.00
25	9-20	9-30	Steel 44/36 1 heavy Pitt.	79.50	100.25
26	9-20	9-30	Lead Spec. lb	26.21	26.21
27	6-28	6-27	Copper elect. lb	76 1/2	69 1/2
			The (Straits), lb	1.0013	3.678
			Zinc, E. L. Banks, lb	0.46-47	0.52-53
			Palladium, oz	109	154-159
			Silver N.Y., oz	6.18	9.80

6-7	6-8	DM Futures Options May 22
7-1	6-14	
4-8	6-7	

W. German Mark-125,000 marks, costs per mark									
Strips		Cells-Gelbo			Pipes-Gelbo				
	Price	Jan	Feb	Mar	Jan	Feb	Mar		
31	1.65	2.38	2.70						
32	0.99	1.67	1.72	0.30	0.88				
33	0.84	1.13	1.62	0.65	1.31	1.58			
34	0.08	0.75	1.34	1.49	1.91	2.15			
35	0.03	0.46	0.93	2.43	2.61	2.29			
36		0.0							

7-1 6-17
 7-15 6-28
 7-9 6-28

Pats: Tue. vol. 2,222 open vol. 36,466
 Source: CARE.

7-21	6-5
7-17	6-7
7-17	7-19
7-10	6-14
7-1	6-3
6-14	6-14
7-1	6-14
7-1	6-14
6-25	6-3
7-15	6-13
6-17	6-13
6-17	5-30
6-17	5-31
6-17	5-31

6-28	5-31	848.00	879.00	895.00	895.50
7-20	7-7	COPPER CATHODES (High Grade)			
7-1	6-10	Starting per metric ton			

7-15	6-10	spot	1,270.00	1,271.00	1,172.00	1,173.00
7-20	6-10	forward	1,192.50	1,190.00	1,177.00	1,178.00
7-25	6-15					
7-30	6-15					
8-5	6-15					
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7-31 6-21	SILVER				
Prty) 5-Semi-	Pence per Troy ounce				
	(100)	484.00	487.00	482.00	486.00

Rates		forward		spot	
TIN (Standard)		501.00	502.50	493.50	493.50
Starting per metric ton				496.50	497.50
ZINC		937.00	937.00	930.00	934.00
Starting per metric ton		932.50	939.00	949.50	950.00
COPPER		637.00	639.00	625.00	624.00
Starting per metric ton		648.00	646.00	646.00	646.50

Source: AP.

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Olivetti Forges a Bold New Tie With Japan's Toshiba

Analysts Foresee Emergence of a Powerful 3-Way Alliance, Bringing in AT&T

By John Tagliabue
New York Times Service

BONN — An accord announced last week between Olivetti SpA, the leading European office automation group, and Toshiba, one of Japan's largest electrical and electronic companies, has sparked speculation of an emerging new alliance in the world of electronics.

Under the agreement, Toshiba Corp. will get a 20-percent stake in Olivetti's Japanese subsidiaries. The companies also said that they would "consider cooperative business activities in broader fields in both Japan and Europe."

Olivetti began weaving a net of international ties in 1983, when American Telephone & Telegraph Co. invested \$260 million in a 25-percent stake in the company in an accord intended to open European markets to AT&T products.

Only recently, however, AT&T has been holding intense discussions with Japanese companies, including Toshiba, in an effort to sell its telephone-switching equipment and office computers in Japan.

Analysts noted numerous benefits that a triumvirate of American, European and Japanese partners would produce.

Toshiba, with its huge Far Eastern sales force, would help Olivetti attain the volume it would need to keep unit manufacturing costs down. Olivetti's leadership in the office, in turn, would ease Toshiba's efforts at expanding its traditional line of industrial and consumer electronics into office automation.

Both companies, by this line of thinking, would profit from AT&T's excellence in networking the systems that link a company's computers and communications.

"It makes sense to pool your resources," said Philip de Marillac, a London-based analyst at IDC Europa Ltd. "This is certainly the direction the industry is taking."

Officials at all three companies deny the recent accord is related directly to three-way cooperation. Jun Kobayashi, Toshiba's senior managing director in charge of industrial relations, insisted the agreement had "nothing to do with AT&T." But the officials acknowledge the potential for wider-reaching arrangements.

"AT&T was informed in every single step," said Elserio Pini, Olivetti's executive vice president for strategy. Richard Gundlach, a spokesman for AT&T International, asked about the potential for cooperation, replied: "I don't want to speculate, but I would not write that off."

Mr. Pini gave several reasons for Olivetti's latest stab at the Japanese market.

"Basically the reasons were to gain a channel of distribution that

gains us credibility," he said. "The capital share signals that it's a long-term relationship."

Both companies, he said, would explore possibilities for greater sales of Olivetti products, such as personal computers, in Japan, and for increased shipments of Toshiba products, such as facsimile equipment and computer peripherals, to Olivetti's European markets and East Asian markets outside Japan.

Olivetti's Japanese unit, with annual sales of about \$83 million, is no blockbuster operation. But Japan has become the company's most important overseas market after the United States as a source of revenue and a listening post for new product developments.

Under the agreement with AT&T, according to Vittorio Levi, an Olivetti vice president, the Italians will ship personal computers

worth about \$300 million to the United States this year, about half of total production, and will buy \$70 million worth of AT&T's 386 minicomputers in return.

In 1984, largely as a result of sales to AT&T, net income of Olivetti's parent company jumped 69 percent, to the equivalent of \$110 million, on a 36.2-percent sales increase, to \$1.18 billion. Group sales rose 22.4 percent, to \$2.13 billion, and Olivetti said it expected a "notable improvement" over 1983 net group earnings of \$137 million.

Still, the Olivetti computers AT&T sells have been also-rans in the hard-fought U.S. market, prompting Olivetti officials to grumble about AT&T's lack of marketing aggressiveness.

To increase deliveries, Olivetti signed an accord earlier this year with Xerox Corp. to supply word processors as part of Xerox's range of new office products. Analysts doubt, however, that Xerox will fare much better with the product.

For its part, Olivetti has been no slouch in searching out fresh outlets. In February, Olivetti put up \$11.3 million for a 49.3-percent stake in Acorn, the British microcomputer maker, in an effort to become a global player in the world microcomputer market, and thickened its already dense European distributor network by snatching up Exxon Corp.'s office systems business and Start Computer Center GmbH, a Munich-based chain of retail computer shops.

Olivetti already holds a controlling stake in Italy's Bit Shop computer chain, and minority shares in Britain's Tab computer shops and Microgate in the United States.

That sales clout, some analysts say, plus Toshiba's components and the switching systems AT&T can supply, may be the formula Olivetti pursues to keep ahead of giants such as International Business Machines Corp., which is developing similar office bookups with Rolm Corp., a subsidiary.

Japan Industrial Output Jumps 9.9%

TOKYO — Japan's unadjusted industrial-production index rose 9.9 percent in the fiscal year ended March 31, compared with a 6.4-percent gain in the previous year, the Ministry of International Trade and Industry said Wednesday.

The producers' shipment index rose 7.4 percent following a 6-percent increase the previous year, while the index of producers' inventories increased 6.4 percent after a 5.2-percent fall in 1983-84.

The revised March index was down 1.4 percent from February, which followed a 0.1-percent decline from January. The ministry said it had made an annual supplementary revision for all the earlier 11 months in 1984-85 ended March 31.

The March figure is measured against re-revised February. Before the usual year-through revision, the adjusted February index was up 0.8 percent from January, it said. Unadjusted, the revised March index was up 5.2 percent from a year earlier after a revised 5.9-percent February year-on-year gain.

The revised and adjusted March producers' shipment index fell 1.8 percent from February and 0.8 percent from January.

Unadjusted, the revised shipment index was up 2.7 percent from a year earlier following a 3.8-percent year-on-year February gain.

The adjusted March index of producers' inventories of finished goods rose 1.6 percent from February, following a 1.7-percent rise from January.

The revised and unadjusted inventories index was up 0.8 percent from a year earlier after a 9.9-percent year-to-year rise in February.

Business and Politics Mix for Egyptian Contractor

(Continued from Page 9)

example, a prominent Egyptian journalist, discusses them in his book, "Autumn of Fury." Mr. Helal contends that Arab Contractors secured a \$40 million contract in the 1970s to build a tunnel under the Suez Canal and subcontracted the job to one of Mr. Osman's private companies, the Anglo-Egyptian Consortium, known as Aswan. When the tunnel was finished in 1980, Aswan collected a payment that was three times the original price.

Ismail Osman, a nephew of Mr. Osman and a senior executive at the Arab Contractors Co., dismisses any implication of wrongdoing on the part of his uncle: "There's so much that's wrong in that book, it's impossible to take it seriously," he said.

Mr. Osman's nephew is not the only family member at Arab Contractors. Eight of the company's 15

top executives are related to Mr. Osman by blood or marriage — a situation that draws charges of nepotism from Mr. Osman's detractors.

But despite the criticism, Mr. Osman is a national figure who enjoys the sort of public spotlight reserved for a Rockefeller in the United States. In Egypt, as in other Arab countries, posters, billboards, and cars bear the yellow and black insignia of Arab Contractors, and proclaim the achievements of the man who runs it: Mr. Osman, "builder of Egypt's Aswan High Dam," constructor of bridges, highways, hospitals, schools, and the stadium in which his company's first-class soccer team plays.

Mr. Osman is also a self-made man, still a rare phenomenon in Egypt, where wealth and status are determined by birth in a class structure so entrenched that even Nasser's vast reforms could not shake it.

Only Sadat's opening to the West in the 1970s and his emphasis on free enterprise enabled private business to flourish. Sadat's economic programs created a class of nouveau riche Egyptians, some, what in the mold of the pioneering Mr. Osman, who founded his Arab Contractors Co. in 1949. "I started with an office in Ismailia, my home town," Mr. Osman said. "I used to make my own coffee, because we didn't have enough money to pay a coffee boy," he said, referring to the one employee considered indispensable in Egyptian offices.

Today, Mr. Osman is spared such humble tasks. He would not give an estimate of his personal wealth, but nephew Ismail said it does not surpass "the \$10 million figure," an assertion viewed as far too low in Egypt, where the Osmans — including wife Samia, four sons and a daughter — are publicly described as the nation's richest family.

But it was not in Egypt that Mr. Osman first made substantial sums of money. That came about through construction projects in Saudi Arabia. Later, when Nasser decided to build the Aswan High Dam along the Nile in 1960, Mr. Osman underbid bigger and better-established companies to win a big part of the prestigious contract, bolstering his company's reputa-

tion and putting him in the political limelight.

In mid-project, however, Nasser nationalized Egypt's banks and major industries, including Mr. Osman's company. "I said OK," Mr. Osman recounted. "But I told him I wanted to complete the dam on time and not get tied up in government red tape." So Nasser approved a law enabling Arab Contractors to operate more like a private company, the only state concern in Egypt to enjoy such status. "We completed the dam in nine years, instead of the scheduled 10," said Mr. Osman, flipping an ash from his giant cigar.

Nasser may have helped make Mr. Osman what he is today, but apparently there was little love between the two. In his autobiography, "My Experience," published in 1980, in Arabic, Mr. Osman writes that Nasser frequently harassed him, and even unjustly jailed him for a few days on charges of spying for Israel.

Mr. Osman was more compatible with Sadat, under whose presidency he built up his empire. In fact, one of his sons is married to a daughter of Sadat. As minister of construction for four years in the 1970s, Mr. Osman canceled a law from the Nasser era that barred a private firm from receiving more than \$100,000 annually in government contracts. Using the basic statute of Sadat's "open door" program, Mr. Osman created private companies through joint ventures between Arab Contractors and private concerns.

Thus, Mr. Osman now has holdings in food production, industry, construction, banking and insurance, hotel services, medical care, and engineering services — many of them doing business with state entities. These companies, together with Arab Contractors, employ more than 200,000 people, says Ismail Osman, who estimates the group's combined assets to be about \$2 billion.

Perhaps the most impressive part of Mr. Osman's operation is the almost fanatical loyalty he commands from employees, the result of what Ismail Osman calls "sound management." The Arab Contractors Co. employees are public sector workers, and hence underpaid, but Ismail Osman says they earn three to four times their salaries in bonuses. "Ten percent of whatever is saved on a project is distributed to workers," Mr. Osman said. And all companies in the Arab Contractors' network offer extensive benefits: A well-endowed pension fund, scholarships for employee children, athletic programs, a company hospital and free training for engineers. "This is how we keep the best people," he said. "We're private sector in spirit."

Perhaps a bit too private, say many of Mr. Osman's detractors. They argue that he has used his public sector affiliation to subcontract work to his private concerns that in turn make healthy profits, sometimes leaving Arab Contractors with cost overruns. Such overruns, they add, are usually subsidized by the government, since

Arab Contractors is a public sector company. Thus, Egyptian businessmen say, a common charge is that Mr. Osman has privatized his profits and socialized his debts.

Ismail Osman dismisses this characterization of his uncle's business practices as "utter nonsense." Similar charges, he said, have always been leveled by those he termed "jealous competitors." He insists that Arab Contractors has subcontracted only about 20 to 25 percent of its jobs and that Mr. Osman has received less than 1 percent of the revenues.

Despite the debate surrounding Mr. Osman, there are few signs that his influence is waning. In March, he was re-elected chairman of the powerful Engineers Syndicate. And two years ago, his second son married the daughter of Abdel Azim Loukma, a prominent leader of the Muslim Brotherhood, a fundamentalist religious group.

His longstanding financial support for the Muslim Brotherhood and other Islamic fundamentalist groups has stirred debate within establishment circles. Mr. Osman insists that he gives money to fundamentalist groups only indirectly, for example, through contributions to mosques. But both Arab and Western diplomats say the Osmans have long provided considerable economic support for the Muslim Brothers and other fundamentalist groups in Egypt to help counter the growth of Communist and leftist groups here.

Such support is deeply resented by many in the ruling National Democratic Party, who see the Muslim Brothers and other Islamic groups as potential threats to Mr. Mubarak's regime.

"Mr. Osman is still playing with religious fire, just as Sadat did," a senior NDP member warned. But neither Mr. Osman nor his nephew, Ismail, appear troubled by these affiliations. After all, said Mr. Osman, his faith was partly responsible for his success. "I succeeded because I believe in God," Mr. Osman said. "All my life I have believed in God, my country and the Egyptian man."

Agency to Offer Plan to Protect U.S. Shoemakers

United Press International

WASHINGTON — The International Trade Commission voted unanimously Wednesday to recommend that measures be adopted to save the U.S. shoe industry from imports that now account for more than 80 percent of the U.S. market.

The commission said that by June 9 it would recommend a specific program of protectionist measures to President Ronald Reagan. He would have 60 days to accept, amend or reject the proposal.

Major exporters of footwear include Taiwan, Korea, Brazil, Italy, and Spain. In recent years, imports have led to massive layoffs and hundreds of plant closings in the United States.

The Commerce Department reported earlier this week that domestic shoe production in March was down by 25.7 percent from levels for the same month in 1984.

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain			
Whitbread			
Year	1984	1985	1986
Revenue	1,400	1,370	1,370
Profit	100	100	100
Per Share	0.76	0.76	0.76
Japan			
Kao Corp.			
Year	1984	1985	1986
Revenue	294,000	343,700	343,700
Profit	25,000	25,000	25,000
Per Share	25.00	25.00	25.00
United States			
Allied Stores			
1st Quarter	1985	1986	1987
Revenue	1,200	1,200	1,200
Profit	100	100	100
Per Share	0.77	0.77	0.77
Coastal World			
3rd Quarter	1985	1986	1987
Revenue	150,000	150,000	150,000
Profit	10,000	10,000	10,000
Per Share	0.20	0.20	0.20
Long Island Light			
1st Quarter	1985	1986	1987
Revenue	100,000	100,000	100,000
Profit	10,000	10,000	10,000
Per Share	0.10	0.10	0.10
Detachable			
3rd Quarter	1985	1986	1987
Revenue	100,000	100,000	100,000
Profit	10,000	10,000	10,000
Per Share	0.10	0.10	0.10
May Dept. Stores			
1st Quarter	1985	1986	1987
Revenue	100,000	100,000	100,000
Profit	10,000	10,000	10,000
Per Share	0.10	0.10	0.10
West. Landbank			
1st Quarter	1985	1986	1987
Revenue	100,000	100,000	100,000
Profit	10,000	10,000	10,000
Per Share	0.10	0.10	0.10

Weekly net asset value

Tokyo Pacific Holdings N.V.

on May 20, 1985: U.S. \$131.55.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

Private Placement

May 1985



REPUBLIC OF AUSTRIA

DM 202,000,000
Zero Coupon Bearer Bonds

DM 100,000,000 Bonds of 1985/1995
Redemption amount DM 200,000,000

DM 102,000,000 Bonds of 1985/2000
Redemption amount DM 300,000,000

Bayerische Vereinsbank
Aktiengesellschaft

Commerzbank
Aktiengesellschaft

Deutsche Bank
Aktiengesellschaft

Dresdner Bank
Aktiengesellschaft

Westdeutsche Landesbank
Girozentrale

Creditanstalt-Bankverein

Genossenschaftliche Zentralbank AG
Vienna

Girozentrale und Bank
der österreichischen Sparkassen
Aktiengesellschaft

Industriebank von Japan (Deutschland)
Aktiengesellschaft

Morgan Stanley International

Österreichische Länderbank
Aktiengesellschaft

Union Bank of Switzerland (Securities)
Limited

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- Merchant banking services

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Erik A. Lind
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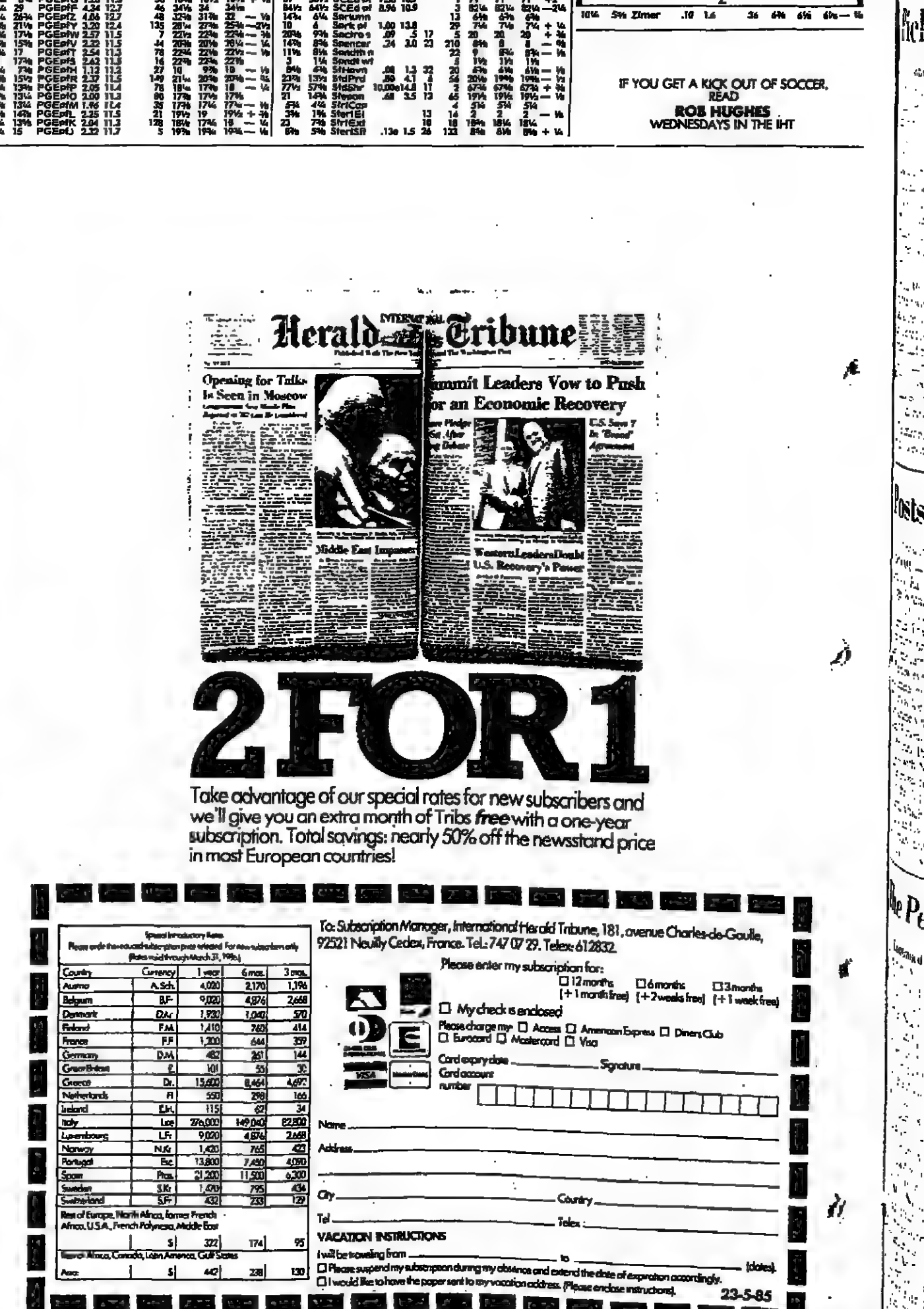
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Chemical Bank Signs Takeover Pact in Ohio

United Press International
COLUMBUS — The state of Ohio signed an agreement Wednesday for Chemical Bank of New York Corp. to take over the failed Home State Savings Bank of Cincinnati in return for Ohio banking privileges and a \$125-million state contribution.

Robert I. Lipp, Chemical president, said the bank of Ohio hopes to open for business at old Home State sites on June 14.

The signing will enable Chemical to operate in Ohio as a commercial bank and also will permit Chase Manhattan Bank to enter the state with the purchase of four of the savings banks closed by Governor Richard F. Celeste to stop a run sparked by Home State's failure.

Chase and New York's Citibank reportedly were negotiating for the same sort of agreement in Maryland, which was hit by a run on state-insured savings and loans when problems surfaced at one of that state's large thrift institutions.

Robert B. McAllister, state superintendent of savings and loans, said Ohio institutions had seven days to meet or exceed the Chemical offer before the contract became binding.

But he said the Chemical arrangement was ahead by "eight lengths in the backstretch."

William M. Duncan, a Toledo native who was named president of Chemical Ohio, said interim short-term loans would be offered to Home State customers at the prime interest rate starting May 29 through SunAmerica Financial Corp., a Chemical subsidiary operating in Ohio.

Swedish Banks Lower Their Lending Rates

Reuters
STOCKHOLM — Sweden's commercial banks said Wednesday they had cut their average lending rates to 15% percent from 16% percent.

A spokesman for the Swedish Bankers' Association said the cut was made in response to a request by the country's central bank. On May 13, the banks had raised average interest rates 4 percent to 16% percent after the government abolished its recommended lending rate ceiling.

Pacific Telesis Will Extend Reach With Purchase of Dallas Company

Los Angeles Times Service
LOS ANGELES — In a move that will extend its corporate reach across the United States, Pacific Telesis Group of San Francisco announced Tuesday that it would buy Communications Industries, a Dallas-based radio-telephone company, in a cash merger valued at \$431 million.

Communications Industries holds Federal Communications Commission licenses to operate cellular radio-telephone networks in its home market of Dallas as well as in Atlanta, St. Louis and Tampa-St. Petersburg, Florida. Its licenses also include San Diego and San Francisco in Pacific's home territory.

In a cellular network, a service area is divided into broadcast cells, each with its own low-powered radio transmitter and each connected by computer to the other cells and to the regular telephone network. As a user drives through, the computer switches the call from cell to cell. That allows several calls to use the same radio frequencies simultaneously, greatly increasing the system's message volume beyond that of a single-transmitter mobile-phone system.

A Pacific Telesis subsidiary, Pacific Mobile Access of Costa Mesa, California, last January bought a 23.5-percent interest in a cellular network to serve the San Francisco-San Jose area — a system in which CI also holds a 23.5-percent stake. The acquisition, if approved, would double Pacific's interest. However, the FCC has ruled that each market must be served by two cellular radio-telephone systems — one run by phone companies, the other by any other company or combination of companies (the so-called non-wire-line network).

Because Pacific Mobile Access is principal partner in a partnership that built Los Angeles' telephone-company network and is building another to serve San Diego, Pacific Telesis may have to divest itself of the competing, non-wire-line license also serving the San Diego market. Pacific's interest in San Francisco is only in the non-wire-line license.

Volvo Profit Down 15% in Quarter

By Juris Kaza
International Herald Tribune

STOCKHOLM — AB Volvo, the Swedish automotive, energy and food group, said Wednesday that its first-quarter pretax profit fell 15 percent from a year earlier, to 2,212 billion kronor (about \$251 million), from 2.6 billion kronor.

The company reported earnings of 634 million kronor in the fourth quarter of 1984.

Pehr G. Gyllenhammar, Volvo's board chairman and chief executive officer, said the first-quarter results compared with an unusually strong first quarter a year ago. At that time, Volvo officials explained, earnings were boosted by large truck deliveries to customers in the Middle East.

Mr. Gyllenhammar did not project Volvo's earnings for all of 1985. But Michael Sjowall, an analyst who follows the company, said the lower first-quarter result had been expected in light of last year's unusual circumstances.

He predicted that Volvo's earnings in the second and third quarters would be significantly higher than in 1984, when Volvo was affected by strikes at suppliers in West Germany.

Volvo said sales in the first quarter edged up to 21,809 billion kro-

nor from 21,687 billion a year earlier. Car sales rose 8 percent, to 8,971 billion kronor, from 8,287 billion kronor in the 1984 quarter. Truck sales rose 6 percent, to 3,771 billion kronor.

Sales in the energy group declined 12 percent, to 6,043 billion kronor, the company reported.

The company said its European car sales had been weak in the first quarter, but that this had been offset by high sales of trucks in Europe and the United States.

The company's managing director, Hakan Frisander, said that sharply higher automobile excise taxes and payment restrictions in Sweden would probably reduce domestic Volvo sales by several thousand cars in 1985. The loss would not be offset by increases on foreign markets, he said.

Higher excise charges and rules requiring a 50-percent down payment on new cars were part of a fiscal package announced by the Swedish government on May 13 to slow domestic consumption and reverse private capital outflows that were weakening the krona.

Presenting first-quarter results ahead of Volvo's annual meeting at an amusement park in Gothenburg, Volvo officials also announced that they had decided in

principle to build a new car plant in Uddevalla, Sweden, on the site of a shipyard. The plant, which will cost 2.5 billion kronor and have a capacity of 80,000 cars per year, will open in 1987.

Company officials said that Volvo had allocated an initial 100 million kronor for site and other preliminary studies for the new plant.

Volvo also announced that it was setting up a program with the Swedish post office and PKB Bank, the state-owned commercial bank, to allow Swedes to buy Volvo shares at their local post offices or from rural mail carriers.

Bank Lending Rates Lowered in Venezuela

Reuters
CARACAS — Venezuela lowered commercial bank lending rates Wednesday by one point to 14 percent as part of a restructuring of interest rates across the board, the central bank said.

The move was in line with a flexible monetary policy reflecting international interest rate trends and the need to stimulate credit demand, it said.

2 Aircraft Firms Plan Merger

United Press International

LONDON — Australia's two largest aerospace companies, Hawker de Havilland Ltd. and Commonwealth Aircraft Corp., plan to merge, it was announced Wednesday.

Britain's Hawker Siddeley Group PLC, which owns 70 percent of Hawker de Havilland, said De Havilland would pay cash for the entire issue of Commonwealth. The amount of the payment was not disclosed. It said De Havilland would finance the purchase from its own resources and that the merger would become effective June 30, subject to Australian government approval.

Hawker de Havilland is involved primarily in aircraft and aircraft engine overhaul and aerospace component manufacture for a number of Australian, British and U.S. military customers. Commonwealth has broadly similar activities. The merged organization will have about 3,300 employees, the announcement said.

Burton Makes Bid For Debenhams

Reuters

LONDON — Burton Group, the British clothing retailer, announced Wednesday a \$455-million (\$352-million) takeover bid for the Debenhams department store chain and promised a new shopping concept if successful.

The Debenhams board said the bid was inadequate for the 67-store group, which includes Hamley toy shops and Harvey Nichols stores.

The Burton chairman, Ralph Halpern, said the group intended to develop a new "galleria" format for Debenhams involving groups of specialty stores under the same roof. Mr. Burton said it was joining forces with the Habitat Mothercare retailing and furniture group in its bid to redevelop Debenhams. Habitat Mothercare would be given an option on 20 percent of Debenhams, with use of floor space as well as a contract to refurbish the stores.

Debenhams's chairman, Robert Thornton, said last week that the group would fight any hostile bids.

WestLB Operating Profit Rose 10% in First Quarter

Reuters

DUSSELDORF — Westdeutsche Landesbank Girozentrale's group operating profit rose 10 percent from a year earlier to 314 million DM (about \$103 million) in 1985's first quarter. Friedhelm Neuber, management board chairman, said Wednesday. The bank is West Germany's third largest.

He added that full 1985 results should not be hampered by further provisions against the troubled Deutsche-Anlagen Leasing GmbH.

DAL, which had losses in the early 1980s, has cost WestLB more than 600 million DM in loss provisions, he said. WestLB had reported earlier that it had to use the bulk of its 1984 record operating profit of more than 1 billion DM for risk provisions and would not pay a dividend.

WestLB is DAL's leading shareholder, with a 30-percent stake, and agreed with four other banks earlier this year to cover 1983 losses of 1.18 billion DM as part of a rescue plan.

Brammer Rejects Offer by Bunzl

Reuters

LONDON — Brammer PLC said Wednesday that it has rejected a \$119.6-million (\$153-million) bid for the company by Bunzl PLC.

A company said it had not been informed of the takeover bid as required by law and that it had complained to the panel that oversees British mergers.

"This bid is unwelcome, unsolicited and unattractive, and in particular, lacks industrial logic. We intend to defend it vigorously and are urging shareholders to do nothing," the statement said.

The terms of the Bunzl offer consisted of 60 Bunzl ordinary shares and £15 million of Bunzl 7-percent convertible loan stock dated 1997 for every 100 Brammer ordinary shares. The cash alternative was 370 pence per Brammer share.

Brammer shareholders who accepted the offer would receive about 14.5 pence per share in gross annual income, based on Bunzl's 1984 dividends and the coupon to be paid on the Bunzl convertible stock.

Brammer Rejects Offer by Bunzl

Reuters

Brammer manufactures industrial machinery, among other equipment. Bunzl is primarily involved in making paper products.

Pickens-Unocal May Affect Other Takeover Bids

(Continued from Page 9)

Mr. Pickens's settlement with Unocal left the oilman somewhat hamstrung financially, according to analysts. Although he still will have \$1.1 billion worth of Unocal stock and notes as a result of his settlement with the company, the stock will be tied up by the agreement, so that Mr. Pickens will be virtually unable to sell it or act on it in other ways without Unocal's permission.

While Mr. Batchelder suggested that Mesa would be able to borrow against the stock and notes to fund any future takeover attempts, other experts said getting banks to loan money against the \$550 million worth of stock, at least, would be difficult as long as Unocal can control its disposition.

The aftermath of the Unocal imbroglio does more than hamper Mr.

Pickens's future takeover plans. Analysts say that the trend of mergers and restructurings in the oil industry touched off by Mr. Pickens is all but ended, in part simply because there aren't many big oil companies that haven't been affected in some way.

Beyond that, analysts said the Delaware decision might put a damper on recent flare-ups of hostile takeover activities in the media, airline and other industries by giving corporate managements a new way to defend themselves against a raid.

Mr. Batchelder even suggested the Delaware ruling might prove handy as an offensive tactic for the raiders themselves, who could aim their stock-purchase offers just at certain elements of a company's shareholders, such as institutional investors, while excluding other stockholders.

Although the Delaware court said its ruling did not give corporate managers "unbridled discretion to defeat any perceived threat to corporate control by any draconian means available," some experts said Tuesday it may be up to the Securities and Exchange Commission to define the limits of the new rule or to propose new laws controlling managers' rights against hostile raiders.

But for the time being, Mr. Gilchrist said, "the bloom may be off the rose."

"If you view Pickens as the preeminent and most successful [raider] with his success in Gulf, Cities Service and Phillips, the best he has done [in the Unocal fight] is come out even. To the extent that he attracts financing by having an aura of infallibility, he may have lost something."



T. Boone Pickens

Posts Changed At Eastern

United Press International

MIAMI — A senior vice president of Eastern Airlines took charge Wednesday of day-to-day control of the airline so that its chairman, Frank Borman, can devote more time to "strategic issues," the carrier said.

The new executive vice president and general manager of airline operations is Joe Leonard, 41, an 18-year airline veteran whom Eastern hired 13 months ago from American Airlines. Previously, Mr. Leonard was with Northwest.

The promotion puts Mr. Leonard in the slot of heir apparent at Eastern, which is growing internationally and is undergoing a financial turnaround that resulted in a net profit of \$24.3 million in the

first quarter of this year. The Miami-based Eastern has not made a year-end profit since 1979.

Mr. Borman, who has been chairman since 1976, is 57 and has no thoughts of retiring, an Eastern spokesman said.

"The exclusive purpose of these changes is to improve our efficiency and to capitalize on our momentum to maintain long-term profitability," Mr. Borman said.

Eastern also created a new "office of the chairman," which, in addition to Mr. Borman and Mr. Leonard, includes Mort Ehrlich, senior vice president of planning; Russell L. Ray Jr., senior vice president of marketing; and Wayne Yonman, senior vice president of finance.

The Perils of Flying at 1,300

(Continued from Page 9)

this year by Aetna Life & Casualty, though some have been held as takeover possibilities, according to Robert B. Nicholas, vice president of finance and planning, Aetna, the largest publicly owned insurance company in the U.S., manages \$2.5 billion specifically earmarked for stocks while other investment funds totaling \$40 billion support its insurance operations.

"With energy's strong relative performance so far in 1985, I view the sector as even less attractive now," Mr. Nicholas added, who admitted that by avoiding the stocks, the insurer's fund portfolio performance has been hurt.

He said Aetna's outlook toward Wall Street is "largely colored by the interest rate picture." If rates are higher by year-end, he said, stocks "here appear fully priced." But if the reverse occurs, he sees room for price-earnings multiples

to expand and for a 10-percent gain for the overall market.

Mr. Nicholas said that Aetna's fixed-income department is forecasting the first scenario while, conversely, managers of the stock fund see rates continuing to decline as the year unfolds. "That seems to be a wishful-thinking bias of their's because it would be bullish for stocks," he noted. "The fixed-income people are probably more objective about interest rates."

Incidentally, Mr. Acuff at Smith Barney this week called Aetna "our favorite high-yield multi-line insurance play."

But Mr. Nicholas, currently in Europe presenting Aetna to investors, observed: "I'm finding that Europeans generally sold insurance stocks last year on Wall Street, missing the 30-percent gain since then by the group, so now they're wondering if they're not reaching to buy the stocks now."

TRADE AND INVESTMENT OPPORTUNITIES IN HUNGARY

A CONFERENCE ON TRADE AND INVESTMENT OPPORTUNITIES
BUDAPEST, JUNE 13-14, 1985.

The International Herald Tribune conference on "Trade and Investment Opportunities in Hungary" will be of keen interest to any executive concerned about future economic relations between East and West.

Speakers at this landmark conference will include Hungarian government ministers, business leaders, bankers and economists.

For further information, please contact the International Herald Tribune conference office, 181, avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Telephone: 747 1265. Telex: 613 595 F.

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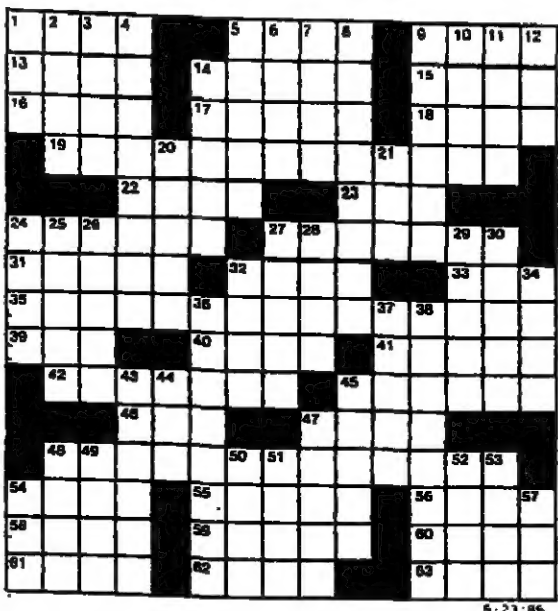
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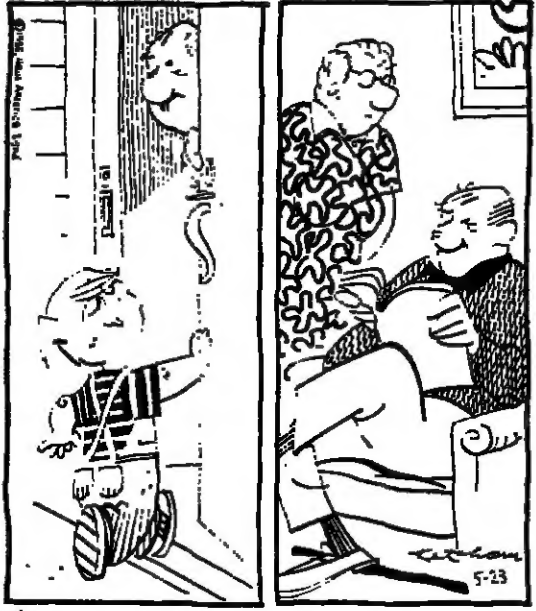
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judgment,
sometimes
5 Fates
6 — about
(approximate)
7 Contradict
8 Gets angry
9 Pilot
10 Verve
11 Rave's partner
12 Book part
13 Calif. county
14 Christ
Stopped
at —
15 Elizabeth
16 Charles, to
Elizabeth

21 Astronaut
22 Grison
23 Vipers
24 Rapids
25 "Early"
26 —
27 Some stylish
garments
28 To be, in Paris
29 Large beast,
for short
30 Epigram
31 Memorable
restaurant
Toots
32 Rose source
33 Game
34 accessory
35 Happening
36 Unburdened
37 Become
electrically
charged
38 Dance, in a
way
39 Washer setting
40 Paris subway
41 Elephant's ear
42 Way out
43 Renovate
44 Dolt
45 Stein's flower
46 Elton's capital
47 Frame inside a
frame
48 Christ
Stopped
at —
49 Elizabeth
50 Charles, to
Elizabeth

O New York Times, edited by Eugene Maletsky.

DENNIS THE MENACE



"WE'RE OUT OF COOKIES, THE REFRIGERATOR IS BROKEN AND MRS. WILSON ISN'T HOME."

"SO I FIBBED A LITTLE."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GIMED

YUNTT

YORCAN

BLUESH

Print answer here:

Yesterday's Jumble: QUILT GORGE SHAKEN BLOUSE
Answer: Why they always accused him of being negative—HE WAS A "NOT-ALL."

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	19	12	14	19	12
Amsterdam	17	12	14	19	12
Antwerp	17	12	14	19	12
Barcelona	23	15	19	19	12
Berlin	22	15	19	19	12
Bombay	28	18	19	19	12
Buenos Aires	25	18	19	19	12
Calcutta	28	18	19	19	12
Canton	28	18	19	19	12
Chongqing	28	18	19	19	12
Cebu	28	18	19	19	12
Colon	28	18	19	19	12
Dacca	28	18	19	19	12
Dhaka	28	18	19	19	12
Hankow	28	18	19	19	12
Hong Kong	28	18	19	19	12
Kobe	28	18	19	19	12
London	17	12	14	19	12
Lyons	17	12	14	19	12
Manila	28	18	19	19	12
Medan	28	18	19	19	12
Osaka	28	18	19	19	12
Shanghai	28	18	19	19	12
Singapore	28	18	19	19	12
Sourabaya	28	18	19	19	12
Taipei	28	18	19	19	12
Tientsin	28	18	19	19	12
Yokohama	28	18	19	19	12
Yokohama	28	18	19	19	12

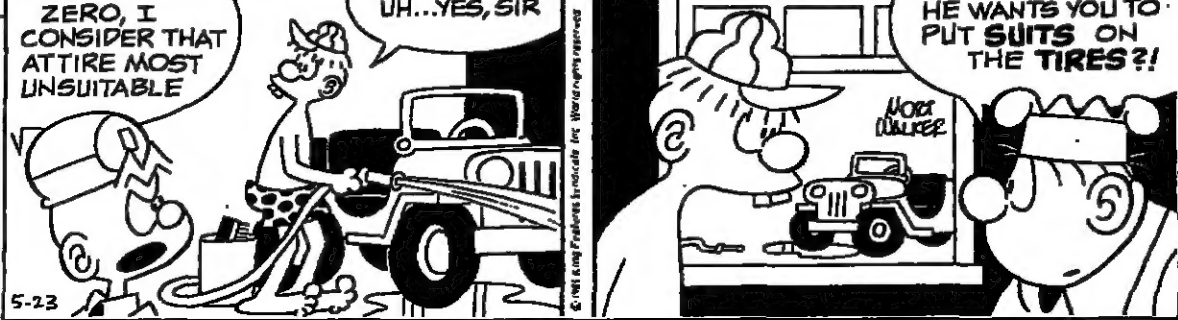
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



World Stock Markets

Via Agence France-Presse May 22

Closing prices in local currencies unless otherwise indicated.

Amsterdam	Class Prev.	Amsterdam	Class Prev.	Amsterdam	Class Prev.
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30

Singapore

Class Prev.

Closing prices in local currencies unless otherwise indicated.

Singapore	Class Prev.	Singapore	Class Prev.	Singapore	Class Prev.
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
ABN	442.30	Amstel	442.30	Amstel	442.30
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ABN	442.30	Amstel	442.30	Amstel	442.30

BOOKS

THE RISE AND FALL OF NEW YORK CITY

By Roger Starr. 258 pp. \$17.95.
Basic Books, 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

SURELY there are few sadder phenomena in U.S. history after World War II than the deterioration, physical and psychological, of New York. At war's end it was, as Roger Starr writes in this fine book, "certainly the world's strongest surviving city," one not merely unscathed by combat but possessed of energy, ebullience, self-assurance and confidence; to residents and outsiders alike, its prospects seemed limitless. Now, only four decades later, it is in decline; its infrastructure is wasting away, its manufacturing base has shrunk, its crime is pervasive, its gap between rich and poor is wider than ever, its housing market is chaotic.

How it got that way is Starr's subject, in a pungent book distinguished by bluntness and a willingness to face unpleasant truths. Starr, a former city housing commissioner and businessman who now writes editorials for the New York Times, loves his city and is dismayed by its decay, but his feelings do not prevent him from looking at matters with a cool eye. What he sees will seem pretty only to connoisseurs of self-destruction and hubris.

Starr begins with Lincoln's Birthday 1946, when Mayor William O'Dwyer asked the people of the city to suspend their ordinary business in response to a strike by tugboat workers—an request that was cheerfully obeyed and that helped bring the strikers to terms. This, Starr argues, was a high moment in the city's history, a demonstration of urban spirit and manners that has subsequently gone virtually unmatched. Since then, Starr writes, there has been a "decline in New York's civility, the custom of treating other citizens with the minimal courtesy to which shared status as New Yorkers entitles them."

But basic human decency is scarcely the only area in which New York has deteriorated. One by one, Starr examines those aspects of city life in which New York was healthy in 1946 and is ailing in 1985: its harbor, its mass transit, its manufacturing economy, its schools, its housing supply, its lawlessness, its hospitals and sanitation, its local government, its cultural life. In none of these areas can Starr find cause

for optimism; on the evidence, in none of them would he be justified in doing so.

Starr's analysis of the subway system is typical of his careful, unsentimental approach. The subway was in substantial measure responsible for creating New York as it existed 40 years ago; it bound the city together, it made travel from one part of the city to another speedy and cheap (and safe), it brought in the workers who made Wall Street and midtown thrive. But political commitments to unrealistically low fares eroded its financial base and left the Metropolitan Transit Authority without the funds for repairs and modernization. Ridership is sharply down because people can no longer trust the subways to run reliably, because they are afraid of widespread and random crime, because there are fewer manufacturing jobs in the city to which to commute. The result is that subway revenue is down as well, and there is an increasingly likely prospect that the entire system will come, bit by bit, to a stop.

Starr is every bit as forthright in his examination of rent control, which he identifies as a critical influence on New York's inability to construct sufficient housing or to maintain its "once-good apartment houses and apartment-house neighborhoods"; of conflicting attitudes toward crime, which demand strict enforcement of laws on the one hand and "humane" treatment of prisoners on the other; of the balkanization of the city school system into a loose federation of warring districts; of the rise in dependency and the subsequent institutionalization of the welfare culture.

On this last subject, as on several others, Starr argues that the city's liberal elite is largely at fault; he writes that "a society that fails to draw a clear line between the ethic of dependency and the ethic of self-support is doomed to an increase in dependency." A society that rewards young women for producing illegitimate children is a society that has failed to draw a clear line at a vital juncture. Such a line cannot be drawn by government, nor should it. But a society whose elites, black and white, fail to understand that a line should be drawn between moral and immoral conduct is failing in its duty to the dependent and to their offspring, generation after generation.

This is not a view likely to win Starr much popularity among the fashionable of Manhattan, who are too busy in the pursuit of self-gratification to contemplate the many ways in which they have permitted their city to crumble around them. But there is much truth to his contention that New York is the victim of nothing so much as its own hubris, and that its failures of self-discipline have the potential to be fatal. If that indeed proves to be the case it will be lamentable, but it will be no one's fault except New York's.

Jonathan Yardley is on the staff of The Washington Post.

English Doll Auctioned for \$15,400

LONDON — A rare English wooden doll made in about 1740 was auctioned Tuesday for \$15,400 (\$19,600), Sotheby's, the auction house, said. The 24-inch (61-centimeter) figure in its original green dress, quilted underskirt and corset was sold by Mary Hillier, a doll expert, and bought by an unidentified buyer.

BRIDGE

By Alan Truscott

ON the diagramed deal, South won and returned a diamond, finessing the nine and driving out the ace. His life became simple when East shifted to the heart ace, but the defense was not easy.

If East had shifted to a club, South would have won with the king, finessed the spade jack and led a heart. That would have given East the Mortons' Fork choice: Save the ace and lose it permanently, or spend it and give South two discards for his club losers.

However, there were two effective defenses after the error at the first trick. In the Mortons' Fork position, East can take his heart ace and lead the spade ten, removing dummy's

entry before the hearts are unblocked. Or he could have returned a diamond after taking the diamond ace, forcing a premature discard by the declarer.

None before the lead and one after it.

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SPORTS

Flyers Shackle Oilers, 4-1, in Cup Opener

Compiled by Our Staff From Despatches
PHILADELPHIA — The Edmonton Oilers scored a record 44 goals in their six-game Campbell Conference playoff victory over Chicago in Tuesday's opening game of the Stanley Cup finals, they found that goal carry a higher price against the Philadelphia Flyers.

The Flyers, who have allowed only 34 goals during the National Hockey League playoffs, stunned the Oilers, 4-1. They did it with tight checking that never allowed Edmonton — which was averaging just under six goals a game — to get rolling. The Oilers beat goalie Pelle Lindbergh only once, at 16:52 of the third period.

"They outworked us, they outmuscled us," said Paul Coffey, the Oilers' defenseman. "They beat us to every loose puck. They outmaneuvered us all night."

Ilkka Sinisalo, Ron Sutter, Tim Kerr and Dave Poulin scored for the Flyers, who extended their remarkable unbeaten streak against the defending Stanley Cup champions to nine games. The last time the Oilers beat the Flyers was Nov. 13, 1982; Philadelphia is 8-0-1 against Edmonton since.

Lindbergh kept the Oilers at bay until Tuesday's outcome was assured, then was beaten by Willie Lindstrom to end a shutout streak that had reached 149 minutes and 50 seconds. The last previous goal Lindbergh had allowed was to Quebec's Jean-Francois Sauve in the second period of Game 5 in the Wales Conference finals.

Sutter continued a remarkable playoff checking performance that he started against the likes of Bryan Trottier and Peter Stastny by holding superstar Wayne Gretzky without a shot. It is a rare night when Gretzky does not score, for him to go without a shot on goal borders on the unthinkable.

"I'm a little more aware when he's on the ice, but I didn't try to shadow him," said Sutter. "It was a total team effort that shut him down. I don't think we gave him a chance to get going. If it wasn't me

on him, someone was always close to him. You have to make him watch you as much as you watch him. No matter how great you are, you're going to have one of those games some time or other."

"I can't remember a game when I didn't get a shot," said Gretzky, who has won the NHL regular-season scoring title five straight times. "They didn't give us a whole lot of chances — give them credit, they came to play. You know you're going to play a good team in the final, but I played a bad game."

Said Edmonton's coach, Glen Sather: "Wayne stopped himself. It's not very often you see him playing like that. He's had a cold, but that's no excuse. We're in the Stanley Cup finals and guys have played with broken legs."

Game 2 will be played here Thursday before the scene shifts to Edmonton for the middle three games of the best-of-seven series.

Sather, while grossing-out the Spectrum's ice (unprintable) and the puck (they must be using those cheap pucks the NHL bought — take a shot, and they wobble — they must have got a real deal on them"), still admitted his team had been outplayed.

"We didn't play the way we can — it was like we were skating in sand," Sather said. "But a lot of it

had to do with the way Philly was playing. Philly worked very hard and didn't make many mistakes." The Flyers held a 41-26 margin in shots, 29-12 over the first two periods.

"We played exactly the game we wanted to," said Poulin, the Flyers captain. "It was a case of a perfectly executed game plan and five guys going all out on every shift."

Said Rick Tocchet, the right wing on the line with Sutter, "But it's hard sometimes. The risk is, if one man makes an error, then they rush down on a three-on-two break."

"And the Oilers, they're like magicians sometimes with the puck," he continued. "You can get faked out, sucked in so easily. It just didn't happen tonight — but that's not to say it couldn't happen next time."

"Forechecking was the key," said right wing Sinisalo, whose first-period goal gave the Flyers a lead they would keep all night. "They didn't have much room to skate."

Sinisalo scored the only goal of the first 45 minutes while the Flyers had a two-man advantage. Charlie Huddy having hooked Kerr 14 seconds after Lindstrom went off for cross-checking.

Grant Fuhr, who was sensational in the Edmonton net until he made a costly third-period error, blocked both a close-range drive by Kerr and Sinisalo's rebound before the Finn lifted the second rebound into the net.

"I hesitated because I thought Tim Kerr was going to shoot," Sinisalo said. "The goalie was poking at the puck but he didn't control it and I was able to put it in. They can score so easily, you know one goal won't stand up."

But it did stand up, until an unassisted goal by Sutter eased much of the pressure.

Each team was a man short when Sutter made a quick move to deflect a Coffey pass intended for Jari Kurri along the Edmonton blue line. Poking the puck ahead, Sutter went in on a breakaway and beat Fuhr with a back-hander high on the glove side at 5:56 of the final period.

"Maybe I anticipated it a little bit," Sutter said. "I was lucky the way it worked out."

The Flyers certainly were a little lucky on their third goal. Fuhr tossed the puck to his left and Poulin skated in quickly to bang it right back into the goalie's skates. Before Fuhr could control it a second time, Poulin knocked it behind him, and Kerr had an easy tap-in at 8:07. It

was the ninth goal in 10 playoff games for Kerr, making his first appearance since he strained his right knee in Quebec May 3.

The Oilers avoided a shutout when Lindstrom slipped behind defenseman Brad Messier, took a pass from Mark Messier and tucked the puck inside the post at Lindbergh's left. Poulin completed the scoring into an empty net at 19:39.

The game was not without controversy.

The Oilers were unhappy because the Flyers had six power plays — to Edmonton's one — in the first 30 minutes. The Flyers objected when defenseman Kevin Lowe crashed into the net with Sinisalo in scoring position, dislodging it without a penalty call.

"We spent the first two periods trying to kill penalties," Sather said.

"For the first half of the game, they had seven and a half power plays to our half a one. That hurt our hockey club."

"We felt the net was dislodged, intentionally, but our team has a great deal of discipline and we didn't let it upset us," said the winning coach, Mike Keenan. "We have a young team, but everybody was relaxed and ready to play. We'd been looking forward to this game." (WP, AP, NYT)



Flyer goalie Pelle Lindbergh, keeping the Oilers at bay until the outcome was assured.

VANTAGE POINT/Tony Kornheiser

Holmes: The Roger Maris of Boxing?

Washington Post Service

WASHINGTON — We're told how Larry Holmes is intent on bettering Rocky Marciano's perfect 49-0 record and how he won't retire until he does. We're also told how Holmes, who has now won 48 straight, prefers not to fight any more big, strong men — an original, if slightly self-incriminating position for a heavyweight champion to take.

So who's next for Holmes? Eddie Arcaro? Then who — Candice Bergen?

It doesn't matter how many successive victories he ultimately racks up, in the court of public opinion Larry Holmes is not, was not and will not ever be compared favorably to Marciano. All the Rocks — from Calovito to Aoki to Road to Racoon — are within his reach, except Marciano.

Holmes is a man under a shadow chasing a ghost.

There are a lot of reasons — most of them irrelevant to skill — that Holmes will never sit in his rightful chair on the boxing dais,

but chief among them is the man who preceded Holmes to the title, the most glamorous man in the sport for nearly two decades: Muhammad Ali. Even after he beat Ali in 1980, Holmes remained trapped in the larger man's wake.

As worthy a boxer as Holmes was, and he was surely as fast and nearly as tough as the greats, Holmes never had the full cosmetic package for achieving parity with his contemporary, Ali, let alone with such historical legends as Marciano or Joe Louis. Comparing him only to dominant heavyweights of the last 25 years, Holmes hasn't the heart of Joe Frazier, the strength of George Foreman, the forebodingness of Sonny Liston or, certainly, the tongue of Ali.

And the camera never flattered him. With his soft-sided build, Holmes never looked like a heavyweight champ; so, perhaps, the public never truly loved him. In turn, his tentative has been marked by statements reflecting a defensiveness toward a public that, he feels, has maligned him either by ignoring him or by casting him as merely the best of an inferior bunch.

"Whatever people want to say about Larry Holmes — that's their hard luck," he said Monday on TV after his fight with Carl Williams.

In continuing, at 35, to fight long after his skills began to erode, in trying to add to the number of consecutive victories so as to claim a greatness by achievement that he might not be awarded by acclamation.

Holmes is not unlike the misguided Ozymandias, building monuments to himself that he assumes will stand forever.

But the cause, however doomed, is particularly ill served by fights such as Monday's tea dance. Who is Carl Williams? And why, excepting greed and obsession, was Holmes fighting him? (Similarly, consider previous Holmes bouts with such wind-up toys as Bonecrusher Smith, Tex Cobb, Scott Frank, David Bey and Marvis Frazier.)

Williams, who came in with fewer fights (16) than Holmes had title defenses (18), was so unknown he couldn't even sell advertising space on his trunks the way recognizable fighters do.

That the International Boxing Federation board lasted the full 12 rounds said more about Holmes' inabilities than about the challenger's skills. Only once did Holmes clearly hurt Williams — with a gizzard-impaling shot late in the ninth round. Other than that, what both men did a lot of was rest in place like oxen.

Although Holmes took the fight by winning most of the final five rounds, he won them by doing little while Williams was doing nothing.

In any event, Holmes marches on inexorably toward Marciano's numbers, if not his grandeur. Holmes' fate, I suspect, is to be the Roger Maris of boxing, with an asterisk as prominent as his record beside it.

BASEBALL ROUNDUP

three hits over 7½ innings in his first major-league start last Aug. 10 at Pittsburgh beat Houston 3-2, Tuesday night.

Reuschel, a major-league veteran of 12 years (almost all with the Chicago Cubs), retired 15 of the first 16 batters before needing help from John Candelaria in the eighth inning.

"I'm just glad to be here," said Reuschel, who has battled through four years of shoulder problems and signed a minor-league contract with the Cubs last November.

Reuschel was 6-2 with a league-best 2.50 earned-run average with Hawaii of the Pacific Coast League until joining Pittsburgh. "I wasn't disappointed when I didn't make the Pirates in spring training," he said. "They told me coming in that I couldn't make their staff unless somebody got hurt. It was the healthiest spring I ever saw."

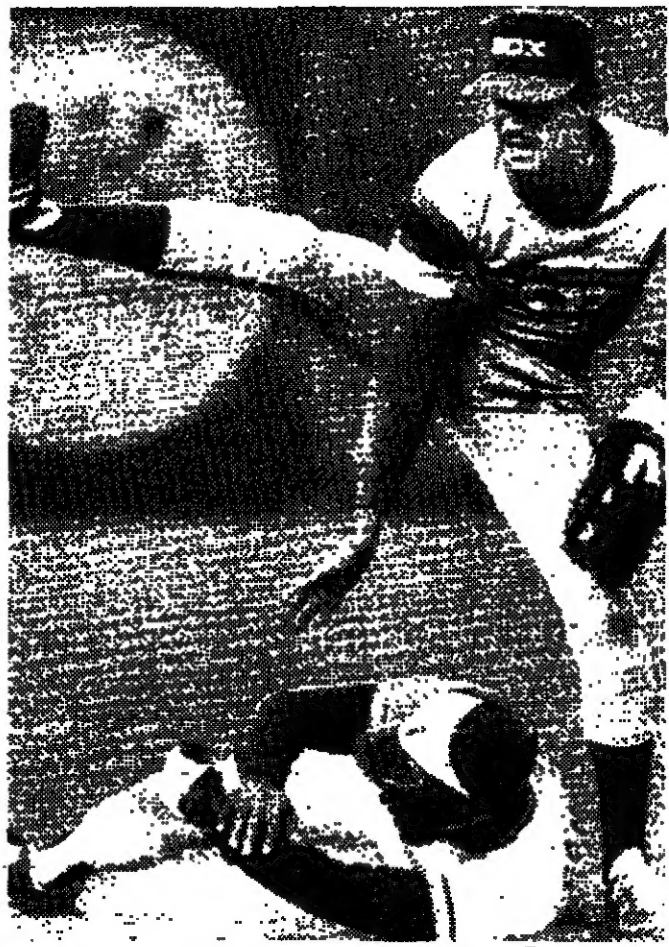
Pittsburgh took a 2-0 lead in the first on Bill Madlock's single, a walk to Jason Thompson and scoring singles by George Hendrick and Tony Pena. They made it 3-1 in the fifth when Mike Scott walked the bases full and then walked Steve Kemp.

In the Houston third, Craig Reynolds tripled off the right-field wall and scored on Scott's fly to left. Jerry Mumphrey delivered a ninth-inning sacrifice fly to drive in the other Astro run.

Reuschel needed only 40 pitches through his first five innings, and Manager Chuck Tanner said: "I've seen him throw pitches this year he hasn't thrown in years."

Astro Manager Bob Lillis concurred. "He pitched a beautiful game. He's a very knowledgeable pitcher. He uses the corners and makes you hit the ball. His ball was moving. He kept it down. He hit the corners. He changed speeds, and he kept the hitters off balance."

Reids 5, Cubs 2
In Chicago, Dave Parker's tie-



Rookie White Sox shortstop Ozzie Guillen high-stepped his way past Damacio Garcia in completing a third-inning double play Tuesday in Toronto. The Blue Jays won, 4-3.

breaking double keyed a three-run eighth that beat the Cubs for Cincinnati. Eddie Milner started the inning by drawing a walk off George Frazier. One out later, Dave Conner singled to center and Parker, extending his hitting streak to 13 games, doubled off the center-field wall.

Expos 6, Dodgers 1
In Montreal, Tim Lincecum drove in three runs with a home run and a sacrifice fly and winning pitcher Bill Guilkson added a two-run double to pace the Expos.

Cardinals 6, Braves 3
In St. Louis, Vince Coleman's first major-league homer, an inside-the-park shot, and a 3-for-4

performance by Ozzie Smith helped St. Louis withstand two mammoth home runs by Atlanta's Bob Horner. Coleman's third-inning drive hit the right-field wall and caromed back toward the infield, and the rookie base-stealing whiz scored easily.

Phillies 6, Giants 5
In Philadelphia, Glenn Wilson drove in two runs with a single and a double and the Phillies took advantage of three errors in edging San Francisco. The Giants took a 3-0 lead in the first inning, but Philadelphia began its comeback in the fourth on Wilson's RBI single and scored three unearned runs in the fifth thanks to errors by third

baseman Joel Youngblood and shortstop Jose Uribe. Wilson's double gave the Phils a 4-3 lead, and they added two runs in the seventh on Juan Samuel's double, a sacrifice, an intentional walk to Mike Schmidt, catcher Bob Brenly's passed ball and Ozzie Virgil's double.

Red Sox 9, Twins 1

In the American League, in Minneapolis, Dwight Evans and Tony Amas broke out of batting slumps with home runs and Marty Barrett drove in three runs with four hits as Boston swamped Minnesota. Evans, who entered the game on a 1-for-26 streak, and Amas (3-for-23) both singled in the first and each homered in a three-run third.

A's 3, Orioles 2

In Oakland, California, Mike Boddicker threw four straight high pitches to Dwayne Murphy with bases loaded in the 10th, forcing in the run that gave the A's their victory over Baltimore.

Indians 6, Brewers 4

In Cleveland, Brook Jacoby's two-run home run in the fifth put the Indians ahead, 5-4, and relievers Bryan Clark and Rich Thompson held off Milwaukee the rest of the way.

Blue Jays 4, White Sox 3

In Toronto, Jeff Burroughs singled home George Bell with one out in the ninth to lift the Blue Jays past Chicago.

Royals 5, Rangers 0

In Arlington, Texas, George Brett drove in four runs with a pair of two-run homers and Bud Black stifled Texas on three hits as Kansas City ended a three-game losing streak.

Angels 2, Tigers 1

In Anaheim, California, Ruppert Jones' one-out 11th-inning double scored Juan Beniquez from second to give California its decision over Detroit.

Yankees 11, Mariners 1
In Seattle, Rickey Henderson drove in four runs on a single, double and three-run homer, and Dave Winfield contributed three hits as New York scattered the Mariners. Ron Guidry scattered three hits in his eight innings of work as the Yankees registered their seventh victory in eight games. (AP, UP)

SPORTS BRIEFS

Pincay to Take Over on Spend a Buck

NEW YORK (AP) — Laffit Pincay will replace Angel Cordero aboard Kentucky Derby winner Spend a Buck in Monday's Jersey Derby. Cordero is to ride Track Barron in Monday's Metropolitan Mile at Belmont Park in New York. Cordero has a year-long contract to ride Track Barron that reportedly includes a share of the breeding rights to the horse. Spend a Buck will be seeking thoroughbred racing's biggest payday ever — \$2.6 million. The Jersey Derby winner will get \$600,000; if Spend a Buck triumphs, he will also win a \$2 million Garden State Park bonus to a colt who sweeps the Cherry Hill Mile, Garden State Stakes and Kentucky and Jersey Derbies.

Cash, Ailing, Will Skip French Open

PARIS (AP) — Pat Cash of Australia, the No. 7 seed, withdrew Wednesday from the French Open tennis tournament because of back problems. Cash, a semifinalist at Wimbledon last year, has been ordered to rest for two weeks. The French tournament begins Monday. With the withdrawal, American Jimmy Arias joined the seeded group as No. 16. John McEnroe of the United States is the top seed.

SCOREBOARD

Baseball

Tuesday's Major League Line Scores

Team	Score	Team	Score
Minnesota	128 100-111	St. Louis	100 100-111
Cleveland	100 100-111	San Francisco	100 100-111
Houston	100 100-111	Los Angeles	100 100-111
Cincinnati	100 100-111	San Diego	100 100-111
Chicago	100 100-111	Philadelphia	100 100-111
Texas	100 100-111	Seattle	100 100-111
Atlanta	100 100-111	San Jose	100 100-111
Washington	100 100-111	Arizona	100 100-111
Montreal	100 100-111	Colorado	100 100-111
San Francisco	100 100-111	San Francisco	100 100-111

Major League Standings

Team	W	L	Pct.	GB
Minnesota	21	14	.600	0
Cleveland	21	14	.600	0
Houston	21	14	.600	0
Cincinnati	21	14	.600	0
Chicago	21	14	.600	0
Texas	21	14	.600	0
Atlanta	21	14	.600	0
Washington	21	14	.600	0
Montreal	21	14	.600	0
San Francisco	21	14	.600	0

Hockey

Stanley Cup Championship Series

Team	Score	Team	Score
Edmonton	100 100-111	Philadelphia	100 100-111
Chicago	100 100-111	San Francisco	100 100-111
Houston	100 100-111	Los Angeles	100 100-111
Cincinnati	100 100-111	San Diego	100 100-111
Chicago	100 100-111	Philadelphia	100 100-111
Texas	100 100-111	Seattle	100 100-111
Atlanta	100 100-111	San Jose	100 100-111
Washington	100 100-111	Arizona	100 100-111
Montreal	100 100-111	Colorado	100 100-111
San Francisco	100 100-111	San Francisco	100 100-111

PGA Leaders

Player	Score
Jack Nicklaus	100 100-111
Tom Watson	100 100-111
Lee Trevino	100 100-111
Sam Snead	100 100-111
Arnold Palmer	100 100-111
Gary Player	100 100-111
Clayton Kopp	100 100-111
Tommy Horton	100 100-111
Jack Burke Jr.	100 100-111
Walter Hoge	100 100-111

Golf

United States Football League Leaders

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Football

Transition

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

World Cup Qualifying

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

World Cup Qualifying

Player	Score
Tommy Lincecum	100 100-111
Tim Lincecum	100 100-111
Bill Guilkson	100 100-111
George Frazier	100 100-111
Steve Kemp	100 100-111
Mike Scott	100 100-111
John Candelaria	100 100-111
Jason Thompson	100 100-111
George Hendrick	100 100-111
Tony Pena	100 100-111

Soccer

Morris, L. Den	49	892	123	46	7
Lewis, Den	49	788	144	26	8
g coach,	49	788	144	26	8
Wright, Den	49	788	144	26	8
Callahan, A. Oak	48	900	138	42	6
McKee, H. Oak	45	822	179	69	10
Barnes, Oak	44	731	165	43	25
Miller, Oak	44	731	165	43	25
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